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# Montana Community Development Block Grant Program

## 1990 APPLICATION GUIDELINES FOR HOUSING & PUBLIC FACILITIES PROJECTS



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**1990**  
**MONTANA**  
**COMMUNITY DEVELOPMENT**  
**BLOCK GRANT PROGRAM**

**APPLICATION GUIDELINES FOR  
HOUSING AND PUBLIC FACILITIES PROJECTS**

Montana Department of Commerce

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## INTRODUCTION

The 1990 Community Development Block Grant (CDBG) Program Application Guidelines describe the general requirements which apply to all local governments applying for CDBG funds as well as the special requirements and ranking criteria which will be used to evaluate applications for the October 1, 1990 competition for housing and neighborhood revitalization and public facilities projects.

In 1989, the Montana Department of Commerce changed the administrative structure for the CDBG program. The economic development component of the program is now administered by the Business Development Division. The housing and public facilities categories are administered by the Local Government Assistance Division.

In recognition of this reorganization and to clarify the application requirements for these grant categories, the Department is publishing two sets of application guidelines: one, for the economic development category only, and the second, for the housing and public facilities categories.

For a copy of the application guidelines for economic development projects, contact:

DOC/Business Development Division  
1424 Ninth Avenue  
Capitol Station  
Helena, MT 59620  
444-3923

For information on the use of the CDBG program for housing and public facilities projects, contact:

DOC/Local Government Assistance Division  
Room C-211, Cogswell Building  
Capitol Station  
Helena, MT 59620  
444-2488

If you have not previously worked with Montana's CDBG Program, the volume of the guidelines may at first, seem a bit overwhelming. There is no question that, because of the federal requirements involved, there is considerable "red tape" involved in applying for and administering a Community Development Block Grant. However, keep in mind that these guidelines include sections on two different types of CDBG projects: housing and public facilities. Once your community has decided on the type of project it intends to pursue, the other portions of the guidelines which do not apply can be discarded. The text of the guidelines also includes numerous suggestions to applicants on how to prepare a more competitive grant application.

In addition to these guidelines, the Department of Commerce has prepared a number of supplementary materials to help local officials prepare CDBG applications and comply with the various requirements. These include items such as sample survey forms, budget forms, formats for public hearing announcements and local government resolutions, and checklists to help make sure that the application is complete. Copies of these materials will be distributed at five regional application workshops to be held this spring or may be ordered from the Department's Local Government Assistance Division at the address and telephone number listed above. If you have any questions regarding Montana's Community Development Block Grant (CDBG) Program, don't hesitate to contact us.

Newell B. Anderson, Administrator  
DOC/Local Government Assistance Division

March 13, 1990

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## I. BACKGROUND

The Community Development Block Grant (CDBG) Program is a federally funded grant program designed to help communities with their greatest community development needs. All projects must be designed to principally benefit low and moderate income families. The program was established by the federal Housing and Community Development Act of 1974 (42 USC 5301) and is administered nationally by the U.S. Department of Housing and Urban Development (HUD).

Nationally, the CDBG program is divided into two major categories:

1. The Entitlement CDBG Program assists communities with 50,000 or larger populations. In Montana, only Billings and Great Falls are entitlement communities; they receive CDBG funds on a formula basis and are directly under HUD administration.
2. The Nonentitlement or State CDBG Program assists communities with populations under 50,000. Allocations for the nonentitlement program are established for each state on the basis of a statutory formula.

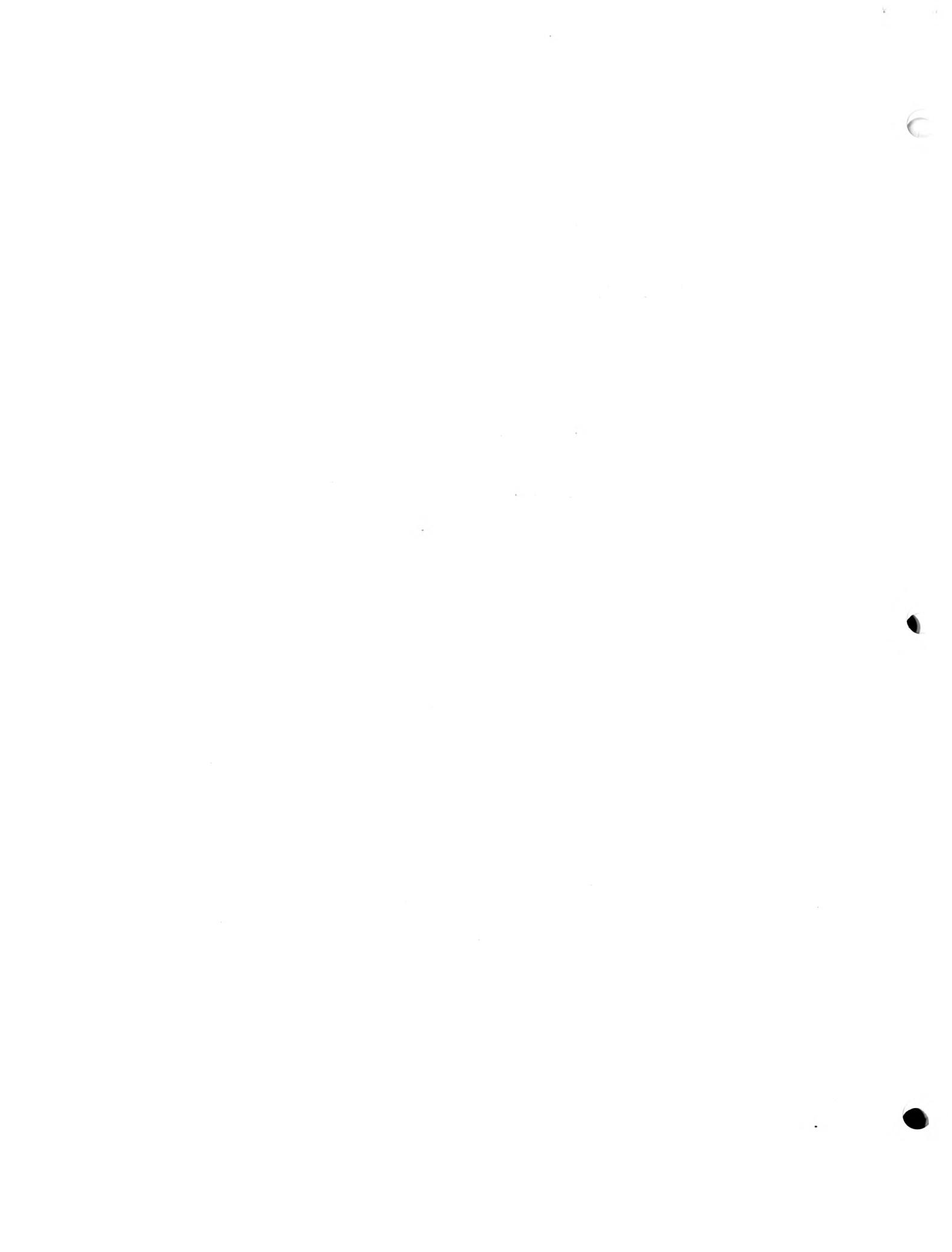
In 1981, Congress amended the federal Housing and Community Development Act to make the nonentitlement portion of the CDBG program available as an optional State-administered program. The Legislature authorized the Department of Commerce to administer the program beginning in 1982.

Each year from \$5-6 million have been awarded to Montana counties and municipalities. Due to federal budget cuts, Montana's CDBG allocation has ranged from a high of \$6,327,000 in 1983 to a low of \$5,184,000 this year. Overall, the CDBG awards have been matched by an equal expenditure of public and private funds, making possible millions of dollars of public and private investment and construction activity and creating jobs for Montanans across the state.

The grant competition for public facilities and housing projects is conducted annually in the fall. Grant applications for economic development projects are accepted continuously, as long as funds are available. Applications are evaluated according to the established criteria for each project category. Because of the strong demand for the funds, the Department of Commerce is not able to fund all of the applications submitted.

Although numerous federal requirements attach to the program, the State does have some flexibility to design its own program objectives and procedures for program administration, and to establish the criteria used to select grant recipients.

A summary of each of the housing and public facility projects awarded funds under the 1989 CDBG Program is included in Appendix G. Lists of the projects awarded CDBG funds from 1982 to 1989 are available from the Department upon request.



## **II. FISCAL YEAR 1990 PROGRAM DESCRIPTION**

### **A. PROGRAM GOAL AND OBJECTIVES**

#### **1. Goal**

Consistent with Congressional intent as expressed in the federal Housing and Community Development Act, the goal of the Montana Community Development Block Grant (CDBG) Program is to develop viable communities by providing decent housing, healthful and safe living environments, and economic opportunities, principally for persons of low and moderate income.

#### **2. National Objectives**

Under the federal Housing and Community Development Act, CDBG recipients are required to "give maximum feasible priority" to activities that will:

- a. benefit low and moderate income persons;
- b. aid in the prevention or elimination of slums or blight; or
- c. meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs.

Under federal law, each activity proposed as part of a local CDBG project (other than project administration) must address one of these three national objectives for the CDBG Program. Under Montana's CDBG Program, all non-administrative activities are justified on the basis of their benefit to low and moderate income persons.

In addition, the Act requires that 60 percent of a State's CDBG funds, taken as a whole, must be used for activities that principally benefit low and moderate income persons. The Montana CDBG Program has responded to this mandate by requiring that each applicant document that at least 51 percent of the non-administrative funds provided for a local CDBG project will be used for activities that are clearly designed to meet the identified needs of low and moderate income persons.

#### **3. State Objectives**

Under federal law, the Department of Commerce must annually prepare a Performance and Evaluation Report to HUD which relates each grant recipient's use of CDBG funds to the State's community development objectives. (Copies of the report are available upon request.) In order for the Department to fulfill this requirement each CDBG applicant must identify the State objective(s) which its proposed project responds to. Appendix A describes the State's objectives for the Montana CDBG Program.

## **B. PROJECT CATEGORIES**

There are three funding categories under Montana's CDBG Program:

1. economic development;
2. housing; and
3. public facilities.

### **Economic Development Projects**

In economic development projects, the State grants a CDBG to a local government, which loans the funds to a private business. In return, the business commits to create a specific number of jobs, a majority of which will be made available to low and moderate income persons.

### **Public Facility Projects**

In public facility projects, CDBG funds are most often used in combination with other federal, state, or local funds to make public improvements affordable to low and moderate income families. These projects **must be carried out on areas consisting predominately of low and moderate income persons.** Public facility projects can also include facilities designed for use predominately by persons of low and moderate income such as elderly persons, battered spouses, and homeless or handicapped persons. This can include facilities such as nursing homes, senior centers, mental health centers, shelters for homeless persons, battered spouses or abused children, or group homes for developmentally disabled persons.

### **Housing Projects**

In housing projects, CDBG funds are most often used to make low or no interest loans to low and moderate income families to allow them to rehabilitate homes in substandard condition. Rehabilitation focuses on bringing the home up to basic code standards by improving electrical systems, plumbing, roofing, and energy conservation measures such as installation of adequate insulation or energy-efficient furnaces, doors, and windows. In addition, communities frequently use CDBG funds to demolish vacant unsafe buildings or to make needed improvements in public facilities in conjunction with their housing efforts in order to revitalize blighted areas of their towns.

CDBG funds can also be used to finance or subsidize the construction of new permanent residential units where the CDBG funds will be used by a local nonprofit development corporation or a community based organization. Housing projects can also include the clearance or acquisition of sites for use or resale for new housing, site improvements to publicly-owned land to be used or sold for new housing, and conversion of existing nonresidential structures for residential use.

### **Complementary Activities**

A project may consist of one or more activities designed to substantially resolve a community development need. The principal activities must clearly be designed to address needs appropriate to the category applied for and must represent at least two-thirds of the non-administrative project funds requested; other proposed activities should be clearly complementary to and in support of the principal activities in order to enhance the overall impact of the project in resolving the identified problem. For example, public facilities activities, water, sewer, or street improvements, can be included in a housing project which primarily addresses housing rehabilitation and demolition needs because the activities support an overall neighborhood revitalization strategy and are related to the project objectives.

Examples of the types of activities which may be funded under each project category, as well as the special requirements and ranking criteria which are used to evaluate applications for each category, can be found in the separate chapters of these guidelines.

The requirements for Economic Development Projects are discussed in a separate set of application guidelines available from the Department of Commerce, Business Development Division.

### **C. GRANT CEILINGS**

The total amount of CDBG funds requested by an applicant must not exceed the following ceilings:

<u>Type of Grant</u>	<u>Ceiling</u>
Housing	\$375,000
Public Facilities	\$375,000

Applicants should apply only for the level of funding necessary to carry out the project. Grant requests must be sufficient either by themselves or in combination with other proposed funding sources to complete the proposed activities within the contract period. The contract period is normally 18 to 24 months from the date of the announcement of grant award by the Department. While grant ceilings establish the maximum amounts which may be requested, individual grants will be awarded only in amounts appropriate to the scope of the identified problem, the proposed project activities, and the needs, resources and administrative capacity of the applicant.

There are no minimum amounts required for CDBG requests. A maximum of 18% of a grant may be used for grant administration. Some administrative expenses are essentially fixed and are not proportionate to the total cost of a CDBG project. Communities considering relatively small requests (under \$75,000) may find that the 18% allowed may not provide a sufficient budget to cover all administrative costs. A community considering a relatively small grant request should consider whether the proposed project would result in questionably high

administrative costs relative to the actual project cost. In these circumstances, applicants are encouraged to contact the Department of Commerce to discuss their proposed project prior to submittal of the application.

#### D. APPLICATION DEADLINES

<u>Type of Grant</u>	<u>Deadline</u>
Housing	October 1, 1990
Public Facilities	October 1, 1990

Applications must be delivered or postmarked on or before the deadline date.

#### E. DISTRIBUTION OF 1990 FUNDS

##### 1. Funds Available for the 1989 State CDBG Program

Because of budget cuts at the federal level, HUD has notified the Department of Commerce that Montana's FY 1990 CDBG allocation will be reduced to \$5,184,000 (a 5% decrease \$271,000 from the FY 1989 allocation of \$5,455,000).

The anticipated amounts available for Montana's CDBG Program for federal fiscal year 1990 are approximately as follows:

Total Fiscal Year 1990 State CDBG Allocation	\$5,184,000
Less CDBG funds for State program administration and technical assistance to applicants and to grantees	<u>203,680</u>
Amount Available for Award to Local Governments	\$4,980,320
Less 25% Allocation for Economic Development Category	<u>1,245,080</u>
Total Available for Housing and Public Facility Categories	\$3,735,240

##### 2. Allocation of Funds

###### a. 1989 Economic Development Setaside

Twenty-five percent of the total amount available for new grants (\$1,245,080) will be set aside to allow economic development funds to be available to applicants on a continuous basis.

For the public facilities and housing categories, in general, basic needs can

1 Extensive federal regulations accompany the program. The Montana Department of Commerce will use a small portion of the State CDBG allocation for administration of the program, as established by a statutory formula. The funds will be used to supplement State resources to meet federal regulatory requirements and to support related technical assistance to applicants and grantees and project monitoring activities throughout the terms of the local projects.

be identified and planned for in advance. In contrast, it is generally not possible to identify or plan for economic development opportunities ahead of time; however, when such a situation develops it requires a timely response by the community and the State to facilitate and support the development proposal. The continuous application cycle for economic development applications is designed to meet the need for more prompt response to economic development initiatives.

b. Fall 1990 Grant Competition For Housing and Public Facilities Projects

For the fall 1990 grant competition, tentative allocations for the housing and public facilities categories will be established on the basis of the total dollars requested for each type of grant as a percentage of the total amount requested by all applicants in these two areas. Allocations will be calculated using those applications which have been accepted and determined to be eligible for the grant competition. Applications will be ranked against other applications in the same project category for the total amount of funds allocated to that category.

During the fall grant competition for housing and public facility projects, the final distribution of funds for any category may be subject to shift up or down, per category, of up to 10 percent of the amount available for award to local governments at the discretion of the Director of the Department of Commerce, under the following circumstances:

- if the funds remaining in a single category are insufficient to achieve adequate impact for all of the next highest ranked projects or would result in unjustifiably high administrative costs relative to project impact; or
- where judgments on the overall quality of proposed projects and their consistency with the goal and objectives of the State CDBG Program would justify redistribution of funds.

3. Reallocation of Funds

- a. If any grantee which has tentatively been awarded funds is unable to fulfill the conditions required to secure a final commitment of funds, the tentative grant commitment will be withdrawn. In the event that excess funds above the last ranked grant request are available, they may be reallocated at the discretion of the Director of the Department of Commerce, consistent with these guidelines, so as to best achieve the goal and objectives of the Montana CDBG Program.
- b. Unallocated funds from the current fiscal year or unexpended or uncommitted funds from previous grant awards, including program income which has been returned to the State, may be reallocated at the discretion of the Director, consistent with the current adopted Application Guidelines, in order to best achieve the goal and objectives of the Montana CDBG Program.

c. The Federal Housing and Community Development Act requires the State to distribute CDBG funds to local governments "in a timely manner." HUD requires the State to have at least 75% of its total annual grant allocation awarded and under contract within twelve months of the date the allocation was awarded to the State. All remaining funds must be awarded and under contract within fifteen months of the State CDBG award. Therefore, if after ten months from the date of the award of the State's annual CDBG allocation, the Department of Commerce does not have at least 75% of its fiscal year allocation awarded and under contract, the Department Director may, at his discretion, award funds from the Economic Development Setaside to the highest ranked eligible but unfunded applications from the fall grant competition for housing and public facilities projects, in order to achieve these goals.

#### 4. Estimate of Funds to Benefit Low and Moderate Income Persons

The federal Housing and Community Development Act requires that the State estimate the amount of CDBG funds proposed to be used for activities that will benefit low and moderate income persons, excluding administrative costs.

In keeping with Congressional intent for the program, all CDBG applications must document, as a threshold requirement, that at least 51 percent of the non-administrative funds requested for a CDBG project are clearly designed to meet the needs of low and moderate income families. As a result, according to HUD guidelines for calculating benefit, approximately 99% of the funds granted to Montana communities from 1982-1989 are considered to be principally benefiting low and moderate income families. Therefore, based on past experience, the Department of Commerce estimates that not less than 95% of the non-administrative CDBG funds awarded through the FY 1990 Montana CDBG program for local projects will be used to benefit low and moderate income persons.

The State's estimate of funds to be used to benefit low and moderate income persons is based upon the following calculations:

Total estimated CDBG funds available for award to local governments	\$5,184,000
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Less 18% maximum potential permitted for local project administration	933,120
Subtotal	\$4,250,880

Multipled by projected 95 percent benefit for low and moderate income persons	$95\% \times \$4,250,080 = \$4,038,336$
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Thus, the State estimates that not less than \$4,086,556 of Montana's fiscal year 1990 CDBG allocation will be used to benefit low and moderate income persons. Based on past experience, the actual amount will likely be higher since local projects, in the aggregate, average for less than 18% overall for project administration.

### **III. GENERAL REQUIREMENTS FOR ALL CDBG APPLICATIONS**

In order to be eligible for an award of CDBG funds, applicants must comply with the following requirements. Local officials having any concerns or questions regarding these requirements should contact the Department of Commerce, Local Government Assistance Division, for guidance as early as possible in the process of preparing an application.

#### **A. ELIGIBLE APPLICANTS**

Under federal law, eligible applicants are limited to general purpose local governments: counties, incorporated cities and towns, and consolidated city-county governments. Among municipalities, only Billings and Great Falls are ineligible to apply to the State CDBG Program because they receive CDBG funds from a separate HUD allocation for communities with populations over 50,000. Montana's Indian tribes also receive CDBG funds from a separate HUD CDBG program and are not eligible to apply to the State program.

Special purpose agencies such as local economic development corporations, housing authorities, or water or sewer districts, are not eligible to apply directly; however, they may be involved in implementing and administering a program by interlocal agreement, if a local government agrees to such an arrangement. Water or sewer users associations, because they are private nongovernmental entities, must first be established as county water or sewer districts (pursuant to Title 7, Chapter 13, Parts 22 and 23, MCA) before CDBG funds may be released for a public facilities project.

##### **1. County Applications**

For projects proposed to resolve problems in the unincorporated jurisdiction of a county, the county governing body is the eligible applicant. A county may apply for a project which will include activities within the jurisdiction of an incorporated city or town if the proposed activity is intended to benefit all county residents, including those located in the unincorporated jurisdiction of the county, as well as those within the city or town.

In order to improve cost-effectiveness for project administration, a county may apply for a grant for a project which would address the same category of community need in two or more separate unincorporated communities as long as the grant request is under the established ceiling. For example, a county can apply for a project which would provide public facilities for two unincorporated communities or a project which would conduct housing rehabilitation activities in two unincorporated communities. If considering such a project, the applicant county would want to be sure that the involved communities have an equally high level of need and that the proposed response is equally appropriate and would achieve comparable impact on the needs of each of the communities; if not, the entire application could be less competitive.

## 2. Municipal Applications

For projects proposed to resolve problems within the jurisdiction of an incorporated city or town, the city or town governing body is the eligible applicant. A municipality may apply for a project which would include an activity to be located outside city limits if the proposed activity will principally benefit residents within the city's jurisdiction, such as a solid waste disposal site or a water or sewage treatment facility. A municipality may also apply for a project which is located outside the city's jurisdiction if it can provide adequate assurances that the project area will be annexed within the term of the CDBG project.

## 3. Joint Applications

In situations where two or more eligible local governments face a common community development problem, a joint application may be submitted under the following conditions:

- a. the problem to be addressed lies in an area of contiguous jurisdictions;
- b. the solution to the common problem clearly requires cooperative action and is the most efficient strategy; and
- c. the local governments involved have contacted the Department of Commerce and received prior approval of such an arrangement before submission of an application. Requests for approval must be submitted at least 30 days prior to the due date for applications.

The eligible local governments involved must each meet the threshold requirements for all applicants. One local government must be designated as the lead applicant and accept full responsibility for application submission and, should the application be awarded funds, for administrative and financial management during the term of the CDBG project. The local government designated as the lead applicant will be ineligible to apply for another grant during the same grant competition.

All joint applications must contain a draft interlocal agreement, in accordance with the Montana Interlocal Cooperation Act (Sections 7-11-101 through 108, MCA), which identifies the responsibilities and obligations of the cooperating local governments, including long-term operation and maintenance, if applicable.

## **B. NUMBER OF APPLICATIONS PERMITTED PER APPLICANT**

**Unless otherwise prohibited by the provisions of section D below, each eligible local government jurisdiction may submit only one application to the fall grant competition for housing and public facility projects.**

For the purposes of this requirement, consolidated city-county governments

will be considered as two separate jurisdictions; one, the city jurisdiction and two, the unincorporated jurisdiction of the county. For application purposes, the jurisdiction of each will be defined by the city and county boundaries as delineated on the date of consolidation. Applications for city and county jurisdictions must conform to the requirements for municipal and county applications set out in section A., Eligible Applicants.

#### **C. NUMBER OF GRANT AWARDS PERMITTED PER JURISDICTION**

During any program year, a local government jurisdiction may be awarded a maximum of:

- one grant from the public facilities or housing categories;
- and
- \$375,000 in CDBG funds from the economic development category.

#### **D. RE-APPLICATION**

A recipient of a CDBG award from the 1989 program, for either the housing or public facilities categories, may reapply for the 1990 program if it has drawn down at least 75 percent of the non-administrative funds from its earlier grant award or has completed all grant activities.

A local government that is currently administering any earlier housing or public facilities project, or any economic development project, will be eligible to reapply for the 1990 program if:

1. The local government is in compliance with the project implementation schedule contained in its CDBG contract with the Department of Commerce; and
2. There are no unresolved audit or monitoring findings on any previously funded project.

#### **E. COMMUNITY DEVELOPMENT NEEDS ASSESSMENT**

The federal Housing and Community Development Act requires that each CDBG recipient must "identify its community development and housing needs, including the needs of low and moderate income persons, and the activities to be undertaken to meet such needs." It also requires public hearings to obtain citizen views including the development of needs and the review of proposed activities.

Each applicant must include a description of its needs, which, at minimum, summarizes:

1. The process used to identify community development needs and establish priorities and objectives, including efforts to encourage meaningful participation of local citizens, particularly

- those of low and moderate income, who are residents of areas in which CDBG funds are proposed to be used;
2. The applicant's short-term and long-term community development needs in economic development, housing, and public facilities, including the needs of low and moderate income persons, and its priorities for responding to the needs;
  3. The planned activities to be undertaken to meet the identified needs; and
  4. The rationale for selecting the proposed CDBG project.

**A summary of the applicant's Community Development Needs Assessment must be submitted as part of the CDBG application.** The needs assessment summary may be incorporated as part of the applicant's response to the "Needs Assessment and Citizen Participation" ranking criterion established for housing and public facilities categories.

#### Suggestions for Applicants

The CDBG Needs Assessment requirement was intended by Congress to be an abbreviated planning process in order to promote better coordinated strategies for addressing local needs, particularly as they affect low and moderate income persons. It is not intended to duplicate the ongoing planning process being used by many Montana communities or the "Certified Communities" process which many communities have completed. To the contrary, as an initial step in the needs assessment process applicants should review their existing comprehensive plan and community development objectives. The needs assessment requirement can also provide an opportunity to review existing capital improvements, economic development, or housing plans, to determine if they still adequately reflect current conditions, needs, and community goals.

**There is no one recommended procedure for preparing a community development needs assessment.** In the past, some local governments have assigned the needs assessment to an existing local planning board. Others have formed special short-term committees or utilized community-wide town meetings, neighborhood meetings, or community surveys. Whatever approach is followed, the applicant must, at a minimum, meet the citizen participation requirements described in Section F, Citizen Participation below. (For further information, applicants can review the Department of Commerce guidelines, The Community Development Needs Assessment Process.)

The project proposed in the community's CDBG application does not have to be the highest priority community need. There are a number of reasons, including the availability of other, more appropriate local, State or federal financial resources which would justify submitting a CDBG application for other than the top-ranked community need. Or, for example, a legal mandate from the Montana Department of Health and Environmental Sciences to upgrade a public facility would justify submitting a CDBG application for a community need which may not have been top-ranked in a local opinion survey.

The needs assessment process does not have to be conducted annually for applicants re-applying for CDBG funds if a previously prepared needs assessment still accurately reflects existing conditions and community development objectives and meets the requirements set out above. If an existing needs assessment will be used as the basis for reapplication, the applicant should solicit public comments on the previously identified community needs and priorities at one or more of the public hearings required by Section F, Citizen Participation.

#### F. CITIZEN PARTICIPATION

The federal Housing and Community Development Act places strong emphasis on involving the public in the preparation of CDBG applications and in the implementation of CDBG projects. It requires the Department of Commerce to adopt "a detailed Citizen Participation Plan". In order to receive CDBG funds, both the Department and applicants for grants must certify that they are carrying out citizen participation in a manner that complies with this plan. Montana's Citizen Participation Plan is included in Appendix B. The certification required of applicants for CDBG funds is included in Appendix D, the CDBG Certifications for Application.

Applicants must provide citizens, especially low and moderate income residents, an adequate notice and opportunity for meaningful involvement in the planning and development of CDBG applications.

At a minimum, the applicant must hold two public hearings, one before preparing the application and one prior to passage of a resolution by the governing body authorizing the submission of the application. The public hearings may be conducted either as part of a regularly scheduled meeting of the governing body or as hearings convened especially for CDBG purposes.

A record of the required hearings must be submitted with the application for CDBG funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; the names of persons who attended and a summary of comments by local officials and citizens is sufficient.

The purpose of the first public hearing is to inform citizens about the CDBG program, the amount of funds available, how it may be used, the range of activities eligible for funding and other general program requirements, as well as to solicit public comment, particularly from low and moderate income people, on community needs and priorities for economic development, housing and public facilities, including the needs of low and moderate income persons. In considering the needs of low and moderate income, the governing body is encouraged to consider the needs of households which may be especially needy, such as those with lower incomes, female heads of households or minority, elderly or disabled members. The first public hearing must be held not more than twelve months prior to the date of application.

The purpose of the second public hearing is to give citizens and potential beneficiaries of the proposed project adequate opportunity to review and

comment on the community's CDBG application, before it is submitted. The issues which should be considered include the proposed project location, activities, budget (including the estimated amount proposed to be used for activities that will benefit low and moderate income families), any costs to be imposed on residents as a result of the project (particularly those of low and moderate income), and, if appropriate, the plans of the grantee for minimizing displacement of persons as a result of activities assisted with CDBG funds. The second public hearing must be held not more than two months prior to the date of application.

Formal public notice must be provided before public hearings are held. Where possible, notice should also be directed to persons of low and moderate income, those persons who will benefit from or be affected by CDBG activities and/or groups representing low and moderate income persons. Hearings must be held at times and locations convenient to potential beneficiaries and with accommodation for the handicapped. In the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate, arrangements must be made to have an interpreter present.

#### Suggestions for Applicants

Notice of each public hearing should be published at least once in a newspaper of general circulation in the community at least seven days prior to the hearing. In addition to the published notices, the applicant should make reasonable efforts to inform citizens of the hearings who may be affected by a CDBG project but who might not be reached through formal newspaper notices. Examples of actions applicants may take to ensure citizen participation include meeting with community groups and leaders prior to public hearings, holding informational meetings, distributing notices of public meetings to residents, or posting of notices in ways customary to the community. These efforts should be especially concentrated in any geographic area which may be affected by a proposed CDBG project. The hearings should be scheduled at times and locations which will encourage broad citizen participation. (Communities without a newspaper may substitute alternatives for notifying the public such as radio announcements, mailed notices, and posters.)

#### **G. ELIGIBLE ACTIVITIES**

Projects may consist of one or more related activities within a general category. The activities which are eligible for funding under Montana's CDBG Program are limited to those set out by Congress in Title I of the Housing and Community Development Act of 1974. The text of the act describing eligible activities is contained in Appendix C of these guidelines.

Federal regulations require applicants to cite the national objective being met for each activity proposed within the overall project (other than administration). Forms to document compliance with this requirement are available from DOC.

### Suggestions for Applicants

In most cases the question of the eligibility of an activity is clear-cut and can be resolved by contacting the Department of Commerce CDBG staff. Some activities may involve special conditions imposed by federal regulations.

In selecting activities for a CDBG application, communities should be aware that the fact that although an activity may be legally eligible under the federal statute and HUD regulations, it may not be competitive under the guidelines and ranking system incorporated in the Montana CDBG Program. For example, while parks, recreation facilities, or street improvements are eligible under the federal statute, historically the CDBG project evaluation criteria and the high level of demand for the limited CDBG funds have not made an application for those types of activities competitive as individual projects. Any project under consideration for a CDBG application should be compared against the ranking criteria for that category before a decision is made to prepare an application. If you have questions regarding the eligibility of, or special requirements which may apply to, a particular project or activity under consideration in your community, contact the Department of Commerce CDBG staff for guidance.

### **H. BENEFIT TO LOW AND MODERATE INCOME PERSONS**

Each applicant must document in its application that a minimum of 51 percent of the non-administrative funds requested for a CDBG project will be used for activities that are clearly designed to meet identified needs of persons of low and moderate income in the area. Applicants must also demonstrate that any activities proposed will not benefit moderate income persons in a manner which would exclude or discriminate against low income persons.

Under the federal Housing and Community Development Act, "low and moderate income" is based on the higher of either:

- 80% of the median income for the county in which the project would be located; or
- 80% of the median income for the entire nonmetropolitan area of the State (all of Montana, excluding Billings and Great Falls).

The most applicable higher amount is already calculated in the current income guidelines for Montana counties which appear in the 1990 edition of the Department of Commerce publication, Guidelines for Documenting Benefit to Low and Moderate Income Persons.

Compliance with the benefit to low and moderate income requirement is calculated on an activity-by-activity basis. The following general guidelines can be used to determine, which projects or activities will be considered as principally benefiting low and moderate income households:

- the project has income eligibility requirements that limit the benefits of the activity to low and moderate income persons, such as housing rehabilitation assistance which is provided only to low or moderate income families or the payment of assessments levied against properties owned by low or moderate income families as part of a public facilities project; or
- the project serves an area where at least 51 percent of the residents are low and moderate income persons and provides services for such persons, such as a water project for a lower income neighborhood; or
- the project involves facilities designed for use predominately by low and moderate income persons (e.g., a senior center or Head Start Center).

**Applicants proposing to use CDBG funds for areawide activities (such as a community-wide public facility project) must provide income data to demonstrate that at least 51 percent of the persons who would benefit from CDBG assistance have low or moderate incomes.**

Applicants intending to conduct local surveys of household income must utilize the appropriate income levels established for their county. Applicants must follow the 1990 edition of the Department of Commerce Guidelines for Documenting Benefit to Low and Moderate Income Persons which provides further explanation of the federal requirements governing benefit to low and moderate income. (Copies are available from the department.) An applicant's failure to assure a statistically valid and sufficiently random sample for a local income survey will be considered sufficient grounds to discount claims made for percentage of benefit to low and moderate income persons during the application review process.

## I. BUDGET

Applicants should apply only for the level of funding necessary to carry out the project. Grant requests must be sufficient either by themselves or in combination with other proposed funding sources to complete the proposed activities within an 18-24 month period. **Each applicant must propose a budget which is sufficient to assure effective administration and timely project completion.** (Budget forms and guidance on budgeting are available from the Department of Commerce.)

The total budget of any proposed CDBG project should be divided between "activity costs" (such as "public facilities construction" or "housing rehabilitation") and "administrative costs." The administrative budget covers the costs of implementing a local project, including costs involved in preparing the required environmental review; the cost of the local project audit; and other contractual costs for professional services that may be associated with administration of the program.

**The budget must be accompanied by a narrative justification for the specific**

proposed CDBG project activities and related administrative costs, including a breakdown of total project costs which identifies sources and amount of all non-CDBG funds to be used. The cost estimates for each item in the proposed budget must be explained in the narrative. If other sources of funds are needed to complete the project, the status of these funds, when they will be available, and how they will be coordinated with CDBG funds should also be described.

Administrative costs must be appropriate and commensurate with the project being undertaken. Any proposed administrative costs must be eligible, fully supported, and explained. In no case may the administrative budget for the grant exceed 18 percent of the total grant requested. Applicants which propose to contract for project management assistance with a consultant or other entity must specifically itemize this amount in the administrative budget and explain it.

Under no circumstances are costs incurred prior to award of the grant (such as fees for preparing an application, community survey; or needs assessment; costs associated with conducting a local survey, and preliminary engineering studies) eligible for reimbursement in the event of a grant award.

For public facility projects, line items for construction contingencies should not exceed ten percent of the estimated construction cost.

#### Suggestions for Applicants

Applicants should be especially careful to see that all potential costs for carrying out the project are identified prior to submitting the application.

Consideration should be given to costs such as:

- day-to-day project management activities specific to the type of project proposed.
- assuring compliance with State and federal requirements;
- preparation of reports;
- bookkeeping;
- legal services;
- travel or registration fees for project-related training;
- conducting the environmental review and publishing required legal notices;
- appraisals;
- acquisition of land or easements;
- engineering design;
- Davis-Bacon (prevailing wage) requirements which may increase construction costs;
- construction inspections; and
- audit.

The Department recommends that applicants budget from \$2,000 to \$3,000 for final project audit. Applicants should also budget \$1,000 for technical assistance from the DOC Local Government Services Bureau in establishing their

financial management system for project funds, unless they have recently been a recent grant recipient under the State CDBG Program and have already received this assistance.

#### **J. PUBLIC OR PRIVATE SECTOR COMMITMENTS**

If public or private sector resources are to be involved in a proposed CDBG project, the applicant must provide evidence of the firm commitment of these resources. Such commitments should be binding, contingent only upon the award of CDBG funds for the project.

In documenting a public sector commitment, the public agency must specify the amount and use of the funds or resources. Funds or resources committed by a local government must take the form of a resolution by the governing body which specifies the approximate amount of the commitment. Funds or resources from a State or federal agency must be documented by a letter of commitment from the agency involved. The commitment of funds or resources may be made contingent upon the award of CDBG funds for the project.

In documenting a private sector commitment, the private party must specify the amount of the commitment and use of the funds. The commitment must be documented by a letter of commitment on the letterhead of the private participant. The commitment of resources may be made contingent upon the award of CDBG funds for the project. If any portion of the activity is to be self-financed, the private participating party must provide evidence of its financial capability through a corporate or personal financial statement or through other appropriate means.

Grant recipients which will require private, or local, State or federal public resources, in addition to CDBG funds, to implement a proposed CDBG project must have completed, within six months of the date of the announcement of the tentative grant award by the Department of Commerce, all necessary arrangements to assure that those resources are available for commitment to and participation in the project in order to guarantee timely project completion. Unless the tentative grantee can demonstrate the existence of unusual or extenuating circumstances that would justify an extension of time, the tentative award will be withdrawn and the funds reallocated.

No CDBG funds will be released to grant recipients until firm commitments are available for all non-CDBG resources to be involved in a project. No CDBG funds, other than for administrative purposes, may be obligated or incurred until this condition is released by the Department.

#### **K. PROGRAM INCOME FROM HOUSING AND PUBLIC FACILITY PROJECTS**

**NOTE:** The following discussion of program income does not apply to economic development projects.

"Program income" is any income earned from CDBG supported activities such as repayments of principal and interest from loans for housing rehabilitation and, if authorized by the Department of Commerce, may be retained at the local

level to be used for community development activities eligible under the CDBG program. An applicant requesting to retain program income from housing projects must submit, with its application, a plan for the ongoing use and financial administration of any program income.

The Department of Commerce has the option of establishing a grant condition which requires a grantee to return any program income to the State. The Department would then use the program income returned to the State to fund additional local CDBG projects. HUD regulations provide that the Department must waive this condition "to the extent such income is applied to continue the activity from which such income was derived." The Department's decision to permit a grantee to retain program income from housing projects will be determined based upon the adequacy of the proposed plan for the use and administration of program income submitted as part of the grant application.

Federal regulations provide that if program income is earned prior to closeout of a project, it must be added to funds committed to the project and used to support CDBG eligible activities or spent on costs budgeted for CDBG funds before the grantee can request an additional drawdown of funds from its CDBG project account.

If a community which has previously received a CDBG award that has not been closed out, and is a recipient of CDBG funds at a later date, program income from the earlier CDBG project must be expended on activities under the new CDBG project before the community can request funds from its new grant.

If the Department of Commerce authorizes a grantee to retain program income, any program income received after project completion and grant closeout may be utilized by the grantee for additional CDBG eligible activities according to the terms of the grant closeout agreement. Communities utilizing program income must maintain the following information regarding their use of the funds:

- sources of program income, including interest earned;
- dates and amounts of program income deposits and disbursements; and
- a description of the activities funded with program income.

**A summary of this information must be submitted with a grant application by any community which has been receiving program income from a previous CDBG project.**

#### **L. DOCUMENTATION**

Each applicant should identify the source of supporting data for any statements made in the application. If local research was conducted to support the application, such as a survey of housing conditions or income levels, the survey methodology must be described and a copy of the survey form with a composite summary of all responses submitted with the application.

Applicants must utilize the current Department of Commerce model formats available for income and housing condition surveys. The applicant may use a

survey conducted previously if it conforms to current Department guidelines and still accurately reflects local conditions.

All original documentation must be retained by the applicant and made available for review in the event that the application is tentatively selected for funding. The lack of adequate documentation to substantiate information contained in the application will be considered sufficient grounds for the Department to re-rank an application, and, if necessary, to withdraw a tentative grant award.

## M. MAPS

Each application must include clearly legible maps which illustrate the applicant's political jurisdiction and the proposed project area. Applicants are encouraged to submit maps at the minimum size and scale that will clearly convey all required information. Applicants should submit maps of a different scale where this will increase clarity. More than one type of information may be combined on one map if the information is clearly legible when combined.

### a. Political Jurisdiction Map

The map of the applicant's political jurisdiction must identify:

- the boundaries of the entire jurisdiction;
- the project's location within the jurisdiction; and
- if applicable, the service area of the project.

### b. Project Area Map

The map of the proposed project area must identify:

- the boundaries of the project area; and
- the locations of all proposed activities such as land to be acquired, buildings to be demolished, streets or water lines to be reconstructed, and blocks where housing will be rehabilitated.

Applications for housing grants must include a map depicting the structural condition of all housing units and other buildings within the project area, as well as the locations of structures to be demolished or areas where clearance activities will occur.

All project activities must take place within the project area boundaries, unless specifically authorized by the Department of Commerce.

Maps identifying the enumeration districts within each county may be ordered from the Census and Economic Information Center, Montana Department of Commerce, Capitol Station, Helena, Montana 59620, (telephone 444-2896). Microfiche copies of the county enumeration district maps are available free; paper copies of the maps may be purchased.

Maps of Montana's counties, cities and towns can also be ordered from the

Montana Department of Highways, Planning and Statistics Bureau, 2701 Prospect Avenue, Helena, Montana 59620 (telephone 444-6119).

Maps of designated flood plains may be ordered from the Montana Department of Natural Resources and Conservation, Flood Plain Management Section, 1520 East Sixth Avenue, Helena, Montana 59620 (telephone 444-6646).

## N. CERTIFICATIONS FOR APPLICATION

Each applicant must agree to comply with all applicable federal and state requirements. The major federal requirements are set out in Appendix D (the CDBG Certifications for Application) in implementing their proposed CDBG project, if selected for funding. A copy of the Certifications for Application signed by the chief elected official or executive officer of the applicant and dated within six months of the date of application, must accompany the application for CDBG funds.

Applicants should carefully review these requirements and consider their potential impact when designing their CDBG project. These laws cover a wide range of issues including environmental impacts, labor standards, employment practices, financial management, and civil rights, many of which can have an affect on the costs or complexity of project administration.

## O. RESOLUTION TO AUTHORIZE APPLICATION

Each application for CDBG funds must be accompanied by a copy of a resolution or motion duly adopted or passed as an official act by the applicant's governing body within six months of the date of application which:

- authorizes the submission of the application;
- states the applicant's willingness to abide by the federal requirements described in the CDBG Certifications for Application (Appendix D); and
- authorizes the applicant's chief elected official to act on its behalf in regard to the application and to provide such additional information as may be required.

Sample formats for this resolution are available from the Department of Commerce.

The Department of Commerce will assume that the applicant has determined its legal authority under Montana law to apply for the grant and to conduct the activities proposed in the application. The Department may request additional information from the applicant if it is aware of any evidence to the contrary.

## P. MANAGEMENT PLAN

As part of its application, each applicant must submit a Management Plan which, at a minimum:

1. addresses the local government's plans for assuring proper management of the CDBG project, including financial management of grant funds,

compliance with State and federal requirements, effective and timely start-up and completion of project activities;

2. identifies the person or persons who will be responsible for day-to-day grant management (or position descriptions developed for these persons) and any contracted services to be utilized in carrying out the project;
3. includes a quarterly schedule for project implementation which identifies the timeframes for major activities and expenditures and the coordination of non-CDBG resources for the project;
4. addresses potential environmental concerns; and
5. if more than a single funding source or organization is involved, a description of how these will be coordinated and directed and when these funds or assistance will be available. The applicant must demonstrate adequate pre-planning to ensure that project activities can commence quickly if funds are awarded and that firm commitments exist for the other resources to be involved in the project.

To be awarded a grant under the CDBG Program, a local government must have the management capacity to undertake and satisfactorily complete the project it is proposing within 18-24 months of grant award. An applicant is assumed to have the capacity to undertake the proposed project unless available information raises a question concerning an applicant's capacity. If any question arises during the evaluation of the application, the Department of Commerce may request additional information.

If an applicant does not believe that it currently has the capacity to manage a CDBG grant, it may propose to hire administrative staff or arrange for project administration by another local government through an interlocal agreement or by contracting for administrative services with a consultant, after grant award. In all cases, the applying local government assumes direct responsibility for proper financial management of the CDBG funds awarded to it.

#### **Q. ENVIRONMENTAL IMPACT**

All CDBG projects are subject to the National Environmental Policy Act and the Montana Environmental Policy Act. Both laws seek to avoid adverse impacts on the environment by mandating careful consideration of the potential impacts on any development assisted with federal funds or approved by a state agency. In addition, CDBG projects are subject to numerous other state and federal environmental laws. Applicants are encouraged to be sensitive to potential environmental impacts while their CDBG projects are first being considered and planned in order to avoid problems which could delay or even prevent a project from being implemented.

Appendix D (Certifications for Application) contains a listing of the major federal environmental statutes and regulations which will apply to all CDBG

funded projects. In addition, a form entitled "Checklist of Environmental Considerations for CDBG Applications" is available from the Department to further assist potential applicants to evaluate possible environmental impacts of projects under consideration. Local officials who have any concerns or questions regarding the potential environmental impacts of their proposed CDBG project or the environmental requirements should contact the Department of Commerce for guidance in advance of submitting their application for CDBG funds.

#### R. DISPLACEMENT

The federal Housing and Community Development Act requires each State to minimize the displacement of persons which may occur as a result of activities assisted with CDBG funds. HUD regulations require that if any CDBG activity could result in displacement, the grantee must adopt a plan for minimizing displacement of persons and mitigating any adverse effects of displacement on low and moderate income persons. CDBG grantees must provide reasonable benefits and relocation assistance to any person involuntarily and permanently displaced as a result of the use of CDBG funds to acquire or substantially rehabilitate property, including businesses. In addition, HUD requires that grantees provide reasonable benefits to persons displaced as a result of the use of CDBG funds in cases which are not governed by the Uniform Relocation Act.

The Act also requires the Department of Commerce "to adopt a residential antidisplacement and relocation assistance plan". In order to receive CDBG funds, grant recipients must certify that they are following the plan. This certification is included in the Certifications for Application (Appendix D) that each applicant must sign and submit with the CDBG application. Montana's Antidisplacement and Relocation Assistance Plan is included in Appendix E.

The act prohibits the use of CDBG funds to displace low or moderate income persons or demolish vacant habitable dwelling units, unless the grant recipient provides replacement housing and pays relocation costs. Replacement housing must be of equal value, be in standard condition, and reasonably expected to be available to low and moderate income persons for ten years.

The one-for-one replacement unit requirement can be waived only if it can be demonstrated that the area has enough vacant habitable and affordable housing for the affected households. However, grant recipients still have to cover all relocation costs and offer a HUD Section 8 housing voucher or certificate or pay subsidies to hold the cost of housing for any displaced household at no more than thirty percent of their gross income, for a period of five years.

**Communities planning CDBG projects which may involve displacement of local residents or businesses, should contact DOC for guidance on the federal requirements which will apply.**

#### S. ACQUISITION

Federal requirements specify that local governments proposing the public

acquisition of real estate or easements as part of a CDBG funded project must formally notify the effected property owner(s), prepare an appraisal to determine fair market value, have the appraisal reviewed, and make a written offer to purchase based upon an amount determined to be "fair market value". As an alternative "voluntary" acquisition procedures, containing fewer steps, can be undertaken if the local government agrees to waive its right of eminent domain in the event negotiations fail to result in a mutually acceptable agreement. Local governments having any questions regarding acquisition of real estate should contact the Department for further guidance.

#### **IV. APPLICATION EVALUATION AND RANKING**

Because of the serious problems faced by Montana communities, the demand for CDBG funds has always far exceeded the amount available. Because the program is so competitive, an application ranking procedure has been developed to provide an objective means to evaluate the degree to which a proposed project responds to the criteria for its type of project. The housing and public facilities categories use different ranking criteria in order to provide measures which are appropriate to each.

The purpose of the CDBG ranking process is to assist in the award of the State's limited CDBG funds to the community projects which, overall, best respond to the requirements and objectives of Montana's CDBG Program. Applications for each grant category will be evaluated by applying the ranking criteria to proposed project activities. These criteria have been established to identify projects which are well planned and most clearly further State and national objectives for the CDBG program. Applications will be evaluated against others competing in the same category. The assignment of points provides a means to objectively rank the projects in order of quality and will be done in a manner that is accountable to the criteria in the guidelines. The point weights also provide a mechanism to compare ranking scores to assure that applications are being evaluated consistently and fairly.

Any project under consideration for a CDBG application should be compared against the ranking criteria for the appropriate grant category. Not all the criteria in each category are of equal importance. Each criterion has been assigned a number representing its relative priority or weight. By reviewing the criteria and weight in potential points assigned to them, applicants should have a better sense of the major issues involved in designing a competitive proposal and the relative effort which should be devoted to responding to each criterion. Any person with a question or concern regarding any of the ranking criteria should contact the Department's CDBG staff prior to application.

The individual applications submitted under each project category will vary depending upon the project activities proposed, the size and character of the municipality or county applying, and each applicant's unique response to its own particular community's specific needs. Because no purely quantitative measures exist which can anticipate the variety of potential community development needs and all responses to them, the ranking must be, in part, subjective. In evaluating the applications, the Department will take into account not only how well each applicant addresses the problems it has defined, but also how its problems and response compare with those of other applicants in the same grant category.

##### **A. RANKING PROCEDURES**

Upon submission, Department of Commerce CDBG staff will review each application for completeness and for conformance to federal and State CDBG requirements. An application may be disqualified from a scheduled grant competition if it fails to comply with a general requirement applicable to all

CDBG applications or a special requirement for the grant category applied for. Disqualified applicants will be notified in writing of the reason for disqualification.

Applicants are expected to keep the Department informed of any developments during the review process which could affect the viability of the proposed project. The Department may contact the applicant to obtain omitted information, to clarify issues, or to verify information contained in the application.

Ad hoc ranking teams for each project category will be appointed from State agency staff. Applications will be evaluated by the ranking teams using the appropriate criteria and numerical point systems described in these CDBG application guidelines. The ranking teams will serve in an advisory capacity to the Director regarding the applications that should be considered for CDBG awards.

The Department may supplement application materials, as needed, by consulting public or private agencies knowledgeable about proposed projects or particular community problems. The Department will provide for outside technical review of applications by other public or private agencies or professionals when deemed necessary to assure adequate review. Site visits may be made to the proposed project area for the purpose of verifying or further evaluating information contained in the application.

After reviewing each application and any technical review comments, the ranking team will assess the degree to which the proposed project responds to each of the applicable criteria. Scores will be assigned according to the point values established for the criteria. A failure to respond to a criterion will result in no points being awarded for that criterion. If the ranking team determines that the applicant has inadequately documented specific statements or claims made in responding to a criterion, it may assign the application a lower score than would otherwise have been assigned based on the statement or claim itself. Likewise, numerical or percentage claims will be accepted and considered valid only to the extent to which they are clearly substantiated by accompanying documentation.

Because each application must stand or fall according to its intrinsic merits, representatives of applicants will not participate in the application review and ranking process. In making their evaluations the ranking teams may seek the expertise of outside technical authorities, such as staff from the Department of Health and Environmental Sciences.

The ranking teams will submit their written findings and recommendations for grant awards to the Director of the Department for his consideration, based upon the order of scores assigned by the ranking teams for the applicants in each category. The final decision on grant awards will be made by the Director. In the event that the Director revises any of the scores assigned by the ranking teams or selects an application for award other than those recommended by the ranking teams, the Director will prepare a written finding, consistent with the criteria established in these application guidelines,

describing the rationale upon which the alternate score was assigned or award was made.

The actual number and types of awards will be subject to funding availability, the amount of each applicant's request, and the procedures set out under "Distribution of Funds." In the event of tie scores, projects will be selected on the basis of the Director's judgment of the overall quality of the proposed projects and their consistency with the goal and objectives of the Montana CDBG Program.

#### **B. SPECIAL REQUIREMENTS AND RANKING CRITERIA**

The special requirements for each grant category which must be met in order for an applicant to be eligible for an award of CDBG funds, as well as the ranking criteria applicable to each grant category are set out in separate chapters of these guidelines:

**Chapter V - Housing Projects, and**

**Chapter VI - Public Facilities Projects.**

Each category has its own set of special requirements and ranking criteria which are used to rank projects applying under that category.



## V. HOUSING PROJECTS

**Note:** This chapter covers the special requirements and ranking criteria which are applicable to CDBG housing applications. The chapter must be read in conjunction with Chapter III, General Requirements For All CDBG Applications, which describe the general requirements and policies which are applicable to all applications for CDBG funds.

### A. INTRODUCTION

The housing grant category allows a variety of activities which can be directed toward improving or preserving residential areas and providing decent, safe, and sanitary housing for low and moderate income families. Of all the three basic types of projects, housing projects normally provide the highest degree of benefit to low and moderate income families. They create the most direct and dramatic visual impact upon a community by improving the quality of homes and removing blighting influences from local neighborhoods. They also create a significant financial impact upon local communities by providing employment for local contractors and sales for building materials suppliers. In addition, a community can establish a revolving loan fund with repayments from the loans it makes with its initial CDBG to make additional housing rehabilitation loans or public improvements in the future.

In housing projects, CDBG funds are most often used to make low or no interest loans to low and moderate income families to allow them to rehabilitate homes in substandard condition. Rehabilitation focuses on bringing the home up to basic code standards by improving electrical systems, plumbing, roofing, and energy conservation measures such as installation of adequate insulation or energy-efficient furnaces, doors, and windows. In addition, communities frequently use CDBG funds to demolish vacant unsafe buildings or to make needed improvements in public facilities in conjunction with their housing efforts in order to encourage overall revitalization of the neighborhood selected for housing activities.

CDBG recipients have been experimenting with various funding mechanisms to increase the amount of funds available for housing rehabilitation loans by getting local lenders involved in CDBG projects and by encouraging the use of direct low-interest loans to homeowners, rather than grants. HUD has strongly supported these "public-private partnerships" and efforts to "leverage" private investment in housing rehabilitation through the use of CDBG funds to "buy down" private sector loans to the point where they would be affordable to low and moderate income homeowners. Enough has been learned by Montana communities in recent years to show that programs which involve local lenders or direct loans do not have to be overly complex to be successful and that they are within the administrative capacity of most small communities.

CDBG funds can also be used to finance or subsidize the construction of new permanent residential units where the CDBG funds will be used by a local nonprofit development corporation or a community based organization. Housing projects can also include the clearance or acquisition of sites for use or resale for new housing site improvements to publicly-owned land to be used or

sold for new housing, and conversion of existing nonresidential structures for residential use.

#### **B. APPLICATION DEADLINE**

Applications for housing and neighborhood revitalization grants will be accepted only during the fall 1990 CDBG competition. Applications must be delivered or postmarked on or before October 1, 1990.

#### **C. SPECIAL REQUIREMENTS FOR PROJECTS INVOLVING NEW HOUSING CONSTRUCTION**

CDBG funds cannot generally be used directly by a local government CDBG recipient for the construction of new permanent residential structures or any program to subsidize or finance new construction.

However, CDBG funds may be used to finance or subsidize the construction of new permanent residential structures under the following circumstances:

- If the housing is constructed through a local, private nonprofit organization such as a local development corporation, a small business investment company, or a neighborhood-based organization;
- If grant recipients reconstruct housing on the same site which is owned and occupied by low or moderate income persons where the need for the reconstruction was not determined until after CDBG-assisted rehabilitation began; or
- If grant recipients construct housing of "last resort" under 24 CFR part 42, Subpart I. This housing is limited to housing newly constructed for persons displaced by a CDBG project in which the project is prevented from proceeding because comparable replacement housing is not available otherwise.

Several activities which support new housing may be carried out using CDBG funds even if they do not fall within the limited circumstances under which new housing construction is eligible including:

- \* Acquisition of sites for use or resale for new housing;
- \* Clearance of sites for use or resale for new housing;
- \* Site improvements to publicly-owned land to be used or sold for new housing;
- \* The cost of disposing of real property, acquired with CDBG funds, which will be used for new housing; or
- \* The cost of converting an existing non-residential structure to residential use.

#### **D. SPECIAL REQUIREMENTS FOR PROJECTS INVOLVING HOUSING REHABILITATION AND NEIGHBORHOOD REVITALIZATION**

In addition to the general requirements which are applicable to all CDBG projects, applicants for a housing and neighborhood revitalization grant must meet the following special requirements in order to be eligible for an award of CDBG funds.

##### **1. Structural Condition Surveys and Maps**

In order to provide a common standard to allow for comparison between communities, the Department of Commerce has prepared a model structural condition survey form. Applicants planning to conduct a local survey must use the Department's form. Copies are available upon request from the Department.

Applications for housing and neighborhood revitalization grants must include a map depicting the structural condition of housing units and other buildings within the proposed project area.

The map should graphically represent the results of the local survey by indicating the location and condition of all structures in the proposed project area, including:

- Standard housing units;
- Moderately substandard housing units;
- Substantially substandard housing units; and
- Severely substandard housing units (appropriate for demolition).

The general condition of nonresidential structures within the proposed project area should also be noted, as well as any significant blighting features in the area.

##### **2. Targeting of Housing and Neighborhood Revitalization Projects**

Housing and neighborhood revitalization projects should be directed or "targeted" towards a single concentrated area of high need in order to assure adequate recognizable impact. For small communities, the most appropriate area may be the entire community. All project activities must take place within the project area boundaries unless specifically approved by the Department.

##### **3. Code and Standards Enforcement**

"Rehabilitation" includes using CDBG funds to make repairs to substandard residential structures to make them meet or exceed requirements contained in current editions of the following:

- HUD Section 8 Housing Quality Standards;
- HUD Cost-Effective Energy Conservation Standards (CEECS);
- National Electrical Code, as amended;
- Uniform Plumbing Code, as amended;
- Uniform Mechanical Code;
- Uniform Building Code (where rehabilitation involves structures with five or more units, or any commercial buildings);
- CABO (Council of American Building Officials) One and Two Family Dwelling Code, as amended; and
- Any locally adopted codes, such as the Uniform Code for the Abatement of Dangerous Buildings, as amended.

The Montana CDBG Program utilizes the definition of "substandard buildings" contained in the latest authorized edition of the Uniform Housing Code published by the International Conference of Building Officials. (See Appendix C in the City of Havre Housing Rehabilitation Program "Policies and Procedures Manual", available from DOC. A copy of the HUD Section 8 Housing Quality Standards and CEECS are also reprinted in Appendix C of the Havre manual.)

Applicants proposing housing activities must submit a description of their plan to ensure enforcement of the applicable federal and State housing building standards listed above for the housing units to be assisted with CDBG funds.

Permits must be obtained from the Business Regulation Division of the Montana Department of Commerce for all electrical and/or plumbing work undertaken with CDBG funds unless the grant recipient has been certified by the Division to enforce the codes cited above. In such cases, permits will be obtained locally. Grantees will be responsible for assuring that such work is inspected by proper authorities. Options to provide code inspection may include interlocal agreements with governments with existing building departments, arrangements with the Business Regulation Division of the Montana Department of Commerce, or by contracting with qualified, private sector persons.

All electrical and/or plumbing work not done by the owner of a single family structure must be done only by electricians and/or plumbers licensed by the State of Montana. A current listing of licensed individuals is available from the Business Regulation Division of the Montana Department of Commerce.

#### 4. Year-around Occupancy

Housing to be rehabilitated with CDBG assistance must be intended for

year-around occupancy.

## 5. Affordability of Rents and Loan Repayments

### a. Rents

HUD regulations require that in order for the rehabilitation of multi-unit structures to qualify as benefiting low and moderate income persons, "...the units must be occupied by low and moderate income persons at affordable rents."

Grantees have the option of either establishing their own schedules for affordable rents, or utilizing rent schedules not to exceed the current edition of the "Section 8 Existing Fair Market Rents." This standard specifies maximum rents, including utility costs, by bedroom size, and by county for units available on the open market which already meet decent, safe, and sanitary criteria under federal guidelines, and do not require rehabilitation.

HUD's Fair Market Rents are adopted for the HUD Section 8 program which provides housing for low and moderate income families that cannot afford to pay the prevailing rents in a community. The HUD Fair Market Rents are based on the availability of federal rent subsidies for the families participating in the Section 8 program and because of this the rents are usually higher than market rates. The use of the HUD Section 8 Existing Fair Market Rents to set ceilings on rental units rehabilitated with CDBG funds (for which no rent subsidy is available) will result in establishing rental rates which the absolute maximum which is affordable to low and moderate income families.

As an alternative, grant recipients may establish their own schedules of affordable rents based on actual surveys of prevailing rents in the community for various bedroom sizes of rental units. Consistent with existing policy for other HUD-assisted housing programs, DOC recommends that locally adopted affordable rent schedules be established on the basis of not more than 85% of estimated typical rents in the community, according to the number of bedrooms per rental unit. According to HUD, "the 85 percent figure represents the lowest rent range at which a supply of standard quality units is normally available."

### b. Loan Repayments

Where rehabilitation assistance will be provided through loans to homeowners, grant recipients must incorporate provisions to assure that no more than 30% of a borrower's gross monthly income will be used to repay the principal and interest, plus property taxes and insurance (or 35% if the average cost of monthly utilities is included), in order to assure that the assistance will be affordable. Local governments have the option of establishing lower standards or other debt-to-income ratios which consider other existing debt of borrowers, such as an automobile loan or fixed, long-term medical or day care expenses.

## 6. Mobile Homes

If local guidelines permit the rehabilitation of mobile homes and manufactured houses, the units must conform to the following requirements in order to be eligible for rehabilitation with CDBG funds:

- the unit meets or exceeds the standards established by the National Mobile Home Construction and Safety Standards Act of 1974 (42 USC 5401 et seq.);
- the unit and the land it rests on is in common ownership; and
- upon completion of rehabilitation activities, the unit will be attached to a foundation which cannot reasonably be relocated and which conforms to the Montana Department of Revenue criteria for assessment as an improvement to real property for tax valuation purposes.

The Department will waive these requirements only when it finds, based on information provided by the grantee, that no alternative affordable housing is available for residents of such units in the community.

## 7. Local Rehabilitation Guidelines

A summary of the local guidelines and procedures to be followed for the proposed housing rehabilitation project must be included in the CDBG application.

Communities have a number of options in designing and implementing a local housing rehabilitation program. The community may define its project area for rehabilitation activity, the persons eligible to receive assistance, the level of rehabilitation activity to be performed, the types of financing techniques to be used, and the contracting and inspection procedures to be followed.

In view of the extent of Montana's needs for rehabilitation of substandard housing and the limited CDBG funds available, the Department of Commerce encourages applicants to address the following in their rehabilitation guidelines:

- special financing techniques to "leverage" CDBG funds to encourage investment by homeowners and lenders, thereby increasing the total amount of funding available in order to assist a greater number of households;
- the targeting of assistance to low and moderate income households identified as having special needs such as those with low incomes, female heads of household, or elderly, handicapped or minority members;
- the establishment of a reasonable ceiling on the amount of funds to be

- spent on any one household; and
- policies to encourage comprehensive rehabilitation work on individual units to restore them to a safe, decent and sanitary condition and provide a suitable living environment with primary emphasis on addressing basic housing code deficiencies.

#### **References for Preparing Local Housing Rehabilitation Program Guidelines**

- DOC has copies available of a 1986 HUD publication, Housing Rehabilitation for Small Cities (Second Edition) which includes an excellent discussion of the key issues involved in designing a local CDBG housing rehabilitation program, including an explanation of various techniques for encouraging leveraging private funds and for analyzing applicants' ability to repay rehabilitation loans.
- DOC has reprinted copies of the City of Havre's "Policies and Procedures Manual" for its East End Neighborhood Revitalization Project. The Havre manual includes copies of administrative forms and requirements, including a specification manual.
- DOC also has reprinted copies of the "General Specification Handbook" used in the City of Malta's housing rehabilitation program.
- A workbook prepared for a statewide housing rehabilitation workshop conducted by DOC in 1985 is also available upon request. The workbook contains additional information regarding leveraging techniques, program marketing, and specification writing for rehabilitation bids.
- Copies of Chapter 10, "Housing Rehabilitation," from the 1990 DOC CDBG Grant Administration Manual are available upon request. The chapter includes a discussion of the major issues involved in administering a local housing and neighborhood revitalization project.

#### **E. APPLICATIONS ON BEHALF OF NONPROFIT ORGANIZATIONS**

1. Applicants applying on behalf of nonprofit organizations must submit the information described in Appendix H. Special Requirements for Projects Involving Nonprofit Organizations.
2. For applications where facilities or activities are proposed that will remain the responsibility of a nonprofit entity, in addition to the other established ranking criteria for housing projects, the proposed project

will be analyzed on the basis of the:

- past performance of the organization;
- level of documentation demonstrating the ability of the facility or activity to support itself over time;
- documented need for CDBG assistance;
- appropriateness of the proposed use of CDBG funds; and
- in instances where the local government or nonprofit entity will assume an ongoing subsidy of the project, the level of subsidy, effect of the subsidy on local revenues, and the anticipated long-term benefits of the project.

## **HOUSING RANKING CRITERIA**

Housing applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points, based on the following ranking criteria:

1.	Needs Assessment and Citizen Participation	75 Points
2.	Need	150 Points
3.	Community Efforts	50 Points
4.	Project Strategy	100 Points
5.	Project Impact	150 Points
6.	Benefit to Low and Moderate Income	200 Points
7.	Project Management	<u>75 Points</u>
	Total	800 Points

## **1. NEEDS ASSESSMENT AND CITIZEN PARTICIPATION -- 75 points.**

In applying the "Needs Assessment and Citizen Participation" criterion, the Department will consider whether:

- a. there is evidence of active citizen participation, especially that of low and moderate income residents, in the development of the community needs assessment, in the selection of the CDBG project and project area, and of the applicant's efforts to thoroughly address any adverse impacts of the project on low and moderate income residents;
- b. the applicant has thoroughly documented and assessed its overall community housing and related needs as well as the needs within the project area, including the particular needs of both low and moderate income households (including owners and renters) and households which may have special needs such as those with low incomes, female heads of family and minority, elderly or disabled household members;
- c. the applicant has established priorities for dealing with its overall housing and related needs; has reviewed its alternatives for dealing with those needs, taking into account all local, State and federal resources; and has developed a well-reasoned and achievable long-term plan to respond to local housing needs; and
- d. the applicant has demonstrated a sound rationale describing why the activities proposed are the most appropriate ones to meet the identified needs by discussing the alternatives considered before selecting this option.

Each application will receive points depending upon its overall response to the criterion, in comparison with the other applications submitted:

<b>BEST</b>	<b>75 points</b>
<b>ABOVE AVERAGE</b>	<b>56 points</b>
<b>AVERAGE</b>	<b>38 points</b>
<b>BELOW AVERAGE</b>	<b>19 points</b>

## 2. NEED -- 150 points

The need for housing improvements or neighborhood revitalization generally results from the deterioration of the local housing stock or the lack of affordable housing due to an inadequate supply of rental units or due to low incomes and high interest rates and energy costs. Each applicant must provide a narrative which describes the nature of the overall housing needs within the proposed project area and, if applicable, any blighting influences impacting the area.

For applications proposing housing rehabilitation activities the narrative must include a description of the project area including the number and percentage of:

- standard housing units;
- substandard housing units suitable for rehabilitation needing moderate and substantial repair;
- substandard housing units, suitable for demolition; and
- vacant housing units among the above categories.

The description should differentiate between housing conditions for owner-occupied versus rental housing units. The general condition of nonresidential structures within the proposed project area must also be described.

In applying the "Need" criterion, the Department will consider whether:

- a. compared with all other housing applications, the applicant has strongly documented the inadequacy of the project area housing stock, major and serious dilapidation or deterioration, and/or the existence of severe blighting conditions and revitalization needs in the neighborhood, particularly as these conditions affect households identified as having special needs such as those with low incomes, female heads of households, or elderly, handicapped or minority members; and
- b. in the case of housing rehabilitation proposals, the applicant has strongly documented a reasonable percentage of substandard housing units that are suitable for rehabilitation.

The applicants considered to be facing the highest need for housing rehabilitation, new housing construction, and/or neighborhood revitalization will receive the highest score. All other applications will be ranked against the highest scoring applicants as follows:

<b>HIGHEST NEED</b>	<b>150 points</b>
<b>ABOVE AVERAGE</b>	<b>113 points</b>
<b>AVERAGE</b>	<b>75 points</b>
<b>BELOW AVERAGE</b>	<b>38 points</b>

### **3. COMMUNITY EFFORTS -- 50 points**

**Each applicant must demonstrate that the proposed CDBG activities offer a solution to an identified community development need which could not reasonably be accomplished by the applicant without CDBG assistance. The applicant must substantiate that other private or local, State or federal resources are not available at reasonable cost to address the identified need and must demonstrate that the level of local financial participation in the proposed project is the maximum that it can reasonably be expected to provide. The applicant should outline steps taken to secure financing or other resources, and the results of those efforts.**

In applying the "Community Efforts" criterion, the Department will consider whether:

- a. the applicant has demonstrated that the level of local financial participation in the proposed project is the maximum that can reasonably be expected;
- b. the applicant has undertaken or will undertake non-CDBG financed efforts in the community and/or project area to address the identified housing and neighborhood revitalization needs such as improvements to public facilities; aggressive code enforcement and demolition of unsafe vacant, substandard buildings; community or neighborhood "cleanup," "paint-up," "fix-up" campaigns; or establishment of tax incentives for building remodeling authorized under Montana law (Section 15-24-1501, MCA);
- c. the applicant has documented past production of housing units for low and moderate income families by a local housing authority or a local, State or federally supported housing sponsor;
- d. the local governing body has officially adopted a housing plan and has integrated it with its local planning and zoning policies; and
- e. if program income from previous CDBG housing grants has been received, the applicant has documented the successful use of the program income funds to further address the housing needs of low and moderate income households and will commit available funds to the project.

**Each application will receive points depending upon its overall response to the criterion, in comparison with the other applications submitted:**

<b>BEST</b>	<b>50 points</b>
<b>ABOVE AVERAGE</b>	<b>38 points</b>
<b>AVERAGE</b>	<b>25 points</b>
<b>BELOW AVERAGE</b>	<b>13 points</b>

#### **4. PROJECT STRATEGY -- 100 points**

In applying the "Project Strategy" criterion, the Department will consider whether:

- a. the applicant has developed a complete, well reasoned, appropriate and achievable strategy for dealing with identified housing and neighborhood revitalization needs within the project area, taking into consideration all available public and private resources and local capacity. For example, this could include coordinating with Human Resource Development Councils and utility companies to obtain funds for weatherization or for energy audits and low interest loans for energy-saving improvements, or coordinating with FmHA for housing preservation grants or construction of new units;
- b. the extent to which the proposed activities represent the applicant's most effective option for achieving maximum impact on identified needs, given the complexity of the needs and the funds available for the proposed project;
- c. the proposed financing terms encourage the "leveraging" of private sector resources and will provide for analysis of the financial situation of each housing assistance applicant;
- d. the applicant is dealing comprehensively with the housing needs of homeowners and renters, income categories, and households having special needs, as well as substandard housing units owned or occupied by households ineligible for CDBG assistance;
- e. the applicant will undertake specific local actions to address identified problems in the project area through code enforcement or improvements to public facilities, such as repairs of the water or sewer system;
- f. the proposed financing terms and techniques, as well as proposed use of any program income expected to be generated, are appropriate to and affordable for the income levels of community residents and consistent with prudent management of scarce public funds;
- g. the applicant has realistically assessed potential response to the program design which has been selected, given local income levels, tenure types, and population characteristics;
- h. the proposed project is feasible, given the level of identified needs, time schedule, and available resources;
- i. the number and type of housing units and the CDBG cost per unit to be assisted, as well as the extent of improvements proposed, are reasonable when compared with other applicants which propose similar activities.

j. if housing rehabilitation is proposed:

- the applicant has chosen to target a geographic area of high need, in terms of concentrations of low and moderate income and substandard housing suitable for rehabilitation, which offers a reasonable potential for generating considerable recognizable impact; and
- the applicant will provide related housing services to the community in support of the housing rehabilitation project such as housing rehabilitation counseling, provision of rehabilitation workshops for non-CDBG eligible residents, or outreach or referral programs to publicize non-CDBG options for financing home improvements;

k. if land assemblage is proposed, firm commitments have been obtained for new construction on the sites to be acquired; and

l. if acquisition and demolition is proposed, occupancy of the units identified as requiring clearance has been determined, and an appropriate relocation strategy has been developed; and

**Each application will receive points depending upon its overall response to the criterion, in comparison with the other applications submitted:**

<b>BEST</b>	<b>100 points</b>
<b>ABOVE AVERAGE</b>	<b>75 points</b>
<b>AVERAGE</b>	<b>50 points</b>
<b>BELOW AVERAGE</b>	<b>25 points</b>

## **5. PROJECT IMPACT -- 150 points**

In applying the "Project Impact" criterion, the Department will consider whether:

- a. the identified needs will be met by the proposed project;
- b. any proposed secondary CDBG activities are clearly complementary to and in support of the principal housing activity and enhance the overall impact of the project;
- c. the project involves "leveraging" of funds or is supported by local private investments with firm commitments from developers and financial institutions, and therefore, a high likelihood exists that additional housing units will be created or rehabilitated beyond that possible using CDBG funds alone;
- d. the applicant is dealing with as much of the identified problem as reasonable within funding constraints;
- e. the proposed activities will directly relate to and significantly address with substantial benefit, the identified needs of especially needy households;
- f. the project will expand housing opportunity and choice for low and moderate income persons through the provision of housing which was not available previously, such as facilitating the construction of new housing;
- g. the applicant is prepared to enforce the Uniform Code for the Abatement of Dangerous Buildings to eliminate dilapidated or deteriorated buildings, such as the clearance of a substantial portion of vacant housing units which cannot be economically rehabilitated;
- h. the applicant will avoid adverse impact on the environment, including historic resources, and avoid adverse impact from displacement of individuals which may result from the proposed activities; and
- i. if housing rehabilitation is proposed, the project would rehabilitate a higher proportion of substandard units in a project area than competing applications which address only a small portion of the substandard units (housing rehabilitation goals considered infeasible or unrealistic will be discounted);
- j. for projects involving improvements to public facilities as part of a coordinated housing and neighborhood revitalization project, the applicant has:
  - taken steps to assure that low and moderate income households will not be adversely affected financially by increased assessments or

service charges; and

-- described how the public facilities activities will relate to the overall system and have a substantial impact on the identified deficiencies.

**Each application will receive points depending upon its overall response to the criterion, in comparison with the other applications submitted:**

<b>BEST</b>	<b>150 points</b>
<b>ABOVE AVERAGE</b>	<b>113 points</b>
<b>AVERAGE</b>	<b>75 points</b>
<b>BELOW AVERAGE</b>	<b>38 points</b>

## **6. BENEFIT TO LOW AND MODERATE INCOME -- 200 points**

This ranking criterion assesses the extent to which CDBG funds will be used to benefit low and moderate income persons by dividing the total amount of non-administrative CDBG funds proposed to be used to benefit low and moderate income households by the total amount of non-administrative CDBG funds requested by the applicant.

Under federal law, CDBG-funded housing activities can be considered to benefit persons of low and moderate income only to the extent that the housing will, upon completion, be occupied by low or moderate income persons.

Applicants will be assigned four points for each percentage of benefit to low and moderate income persons over fifty percent. Fractional percentages will be rounded to the nearest whole number. Documentation for benefit to low and moderate income persons must be consistent with the 1990 edition of the Department of Commerce guidelines, Documenting Benefit to Low and Moderate Income Persons, and described on the form provided in those guidelines.

## **7. PROJECT MANAGEMENT — 75 points**

**In applying the "Project Management" criterion, the Department will consider whether:**

- a. the applicant's plan for assuring proper management of the CDBG project is sound and appropriate including financial management of grant funds, compliance with State and federal requirements, and effective and timely start-up and completion of project activities;
- b. the applicant has thoroughly considered the administrative and technical issues involved in the proposed housing project and has developed appropriate responses to them. For instance, for a housing rehabilitation project, the applicant has defined the mechanisms and procedures for conducting rehabilitation loan and/or grant negotiations with homeowners, linkages with area financial institutions, rehabilitation cost estimates, bidding and contracting procedures, construction supervision and inspections, building code inspections, energy audits, coordination with other related programs (weatherization or rental rehabilitation), and maintenance training for homeowners;
- c. a realistic construction or rehabilitation cost per housing unit has been estimated in relation to the housing standard the applicant proposes to achieve, the severity of needs described in the application, and the types of housing units to be addressed;
- d. a realistic and reasonable administrative cost per unit has been proposed, including general administration, inspections, work write-ups, travel, meetings with contractors, and applicant eligibility screening;
- e. the applicant has considered staffing needs for day-to-day project management and financial management and has developed preliminary positions, including qualifications and experience levels, or has identified the persons to whom these tasks will be assigned;
- f. all budgeted costs and the proposed implementation schedule are clearly reasonable and well supported;
- g. the applicant has demonstrated adequate pre-planning to ensure that project activities can commence quickly if funds are awarded and that firm commitments exist for any other public or private resources to be involved in the project;
- h. if leveraging or other special financing techniques are proposed, the applicant has developed a sound administrative mechanism; has provided thorough documentation in support of any claims for leveraged funds; and has demonstrated that the proposal is appropriate and feasible given the resources of the applicant and the lending institution to be involved;

- i. if acquisition, demolition or displacement are proposed, the applicant has thoroughly considered the administrative and technical issues, mechanisms and procedures that will be involved in carrying out these activities;
- j. if other funding sources or organizations will be involved in the project, the applicant has described how these will be coordinated and directed;
- k. if income is to be generated by CDBG-funded activities, a plan has been developed for the use of that money, and a mechanism has been established for its administration. (If a revolving loan fund is to be established with project income, procedures must be outlined covering loan application processing, approval, negotiation, pricing, packaging, servicing, etc.);
- l. if existing structures are to be rehabilitated for multiple family housing or if new housing construction is proposed, the applicant has provided additional applicable information such as preliminary site and/or floor plans, and has addressed issues such as compliance with handicapped access, prevailing wage rates and local zoning requirements; and
- m. if a previous grantee under the State CDBG Program, performance of project management responsibilities has been above average or superior.

**Each application will receive points depending upon its overall response to the criterion, in comparison to the other applications submitted:**

<b>BEST</b>	<b>75 points</b>
<b>ABOVE AVERAGE</b>	<b>56 points</b>
<b>AVERAGE</b>	<b>38 points</b>
<b>BELOW AVERAGE</b>	<b>19 points</b>

## **VI. PUBLIC FACILITIES PROJECTS**

**Note: This chapter covers the special requirements and ranking criteria which are applicable to CDBG public facilities applications. The chapter must be read in conjunction with Chapter III, General Requirements For All CDBG Applicants, which describes the general requirements and policies which are applicable to all applications for CDBG funds.**

### **A. INTRODUCTION**

In public facility projects, CDBG funds are most often used in combination with other federal, state, or local funds to make public improvements affordable to low and moderate income families. These projects must be carried out on areas consisting predominately of low and moderate income persons. Public facility projects can also include facilities designed for use predominately by persons of low and moderate income such as elderly persons, battered spouses, and homeless or handicapped persons. This can include facilities such as nursing homes, senior centers, mental health centers, shelters for homeless persons, battered spouses or abused children, or group homes for developmentally disabled persons.

Nonprofit entities may acquire title to public facilities such as senior centers, centers for the handicapped, and neighborhood facilities. When such facilities are owned by nonprofit entities, they must be open for use by the general public during all normal hours of operation.

Activities may also include direct assistance to low and moderate income families such as payment of assessments or hookup charges for public improvements where at least 51% of the persons within the project area are low or moderate income.

Special purpose agencies, such as water or sewer districts or associations, considering public facility improvements should carefully review the section for "Eligible Applicants".

Buildings for the general conduct of government are ineligible for CDBG assistance. This includes city halls, county courthouses, county or municipal administrative office buildings or other facilities in which the legislative, judicial or general administrative affairs of government are conducted.

### **B. APPLICATION DEADLINE**

Applications for public facility grants will be accepted only during the fall 1990 CDBG competition. Applications must be delivered or postmarked on or before October 1, 1990.

### **C. FEDERAL REQUIREMENTS REGARDING ASSESSMENTS AND HOOKUP CHARGES**

The federal Housing and Community Development Act imposes special requirements on projects which will be financed, in part, by hookup charges or assessments on property, such as through a special improvement district. If a community

intends to finance its public facility project through the creation of a special improvement district (SID) and is requesting CDBG funds to financially participate in the project, the community would be required to use CDBG funds to pay the entire SID assessment for each low and moderate income household within the project area. If the community determines that the CDBG grant amount is not high enough to allow it to pay assessments for all low and moderate income persons, it would certify that fact to the Department of Commerce, and in this event either:

- provide sufficient CDBG funds to pay all the assessments for low income households only, or
- use a portion of the CDBG funds to pay for all low income households, and distribute the balance of CDBG funds remaining among moderate income households by prorating the amount of CDBG assistance in proportion to the level of household income.

Applicants having any questions regarding this requirement should contact the Department of Commerce CDBG staff for guidance.

**Note: The above requirements do not apply to public facilities that will be financed through the issuance of revenue bonds.**

#### **D. APPLICATIONS FOR ASSISTANCE TO NONPROFIT ENTITIES**

1. Applicants applying on behalf of nonprofit organizations must submit the information described in Appendix H, Special Requirements for Projects Involving Nonprofit Organizations.
2. For applications where facilities or activities are proposed that will remain the responsibility of a nonprofit entity, in addition to the other established ranking criteria for public facility projects, the proposed project will be analyzed on the basis of the:
  - past performance of the organization;
  - level of documentation demonstrating the ability of the facility or activity to support itself over time;
  - documented need for CDBG assistance;
  - appropriateness of the proposed use of CDBG funds; and
  - in instances where the local government or nonprofit entity will assume an ongoing subsidy of the project, the level of subsidy, effect of the subsidy on local revenues, and the anticipated long-term benefits of the project.

## **PUBLIC FACILITIES RANKING CRITERIA**

Public facility applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points:

1.	Needs Assessment and Citizen Participation	75 Points
*2.	Need for Project	150 Points
*3.	Appropriateness of the Technical Design	100 Points
*4.	Operation and Maintenance	50 Points
5.	Readiness and Community Efforts	100 Points
6.	Need for Financial Assistance	100 Points
7.	Benefit to Low and Moderate Income	150 Points
8.	Project Management	<u>75 Points</u>
	Total	800 Points

\* These criteria will be evaluated by the Montana Department of Health and Environmental Sciences for water, sewer, or solid waste projects.

## **1. NEEDS ASSESSMENT AND CITIZEN PARTICIPATION -- 75 POINTS**

In applying the Needs Assessment and Citizen Participation criterion, the Department will consider whether:

- a. there is evidence of active citizen participation, including low and moderate income residents, in the development of the community needs assessment, in the selection of the CDBG project and project area, and of the applicant's efforts to thoroughly address the needs of low and moderate income residents;
- b. the applicant has reviewed its alternatives for addressing its community development needs, taking into consideration all local, State and federal sources and has developed a reasonable and achievable long-term plan for dealing with its public facility needs in relation to its financial capacity and available sources of funding;
- c. the applicant has assessed its public facility needs, and has identified and documented its deficiencies and established priorities for dealing with them;
- d. the applicant has described the technical alternatives considered before selecting the proposed option for resolving its public facility need and has developed a well-reasoned and achievable proposal;
- e. the applicant has proposed improvements necessary in order to comply with a mandate or similar order from the Montana Department of Health and Environmental Sciences;
- f. the applicant has described the relationship between the proposed project and the community's efforts to encourage economic development, housing development or rehabilitation, or neighborhood revitalization.
- g. the applicant has considered any potential impacts on low and moderate income households as a result of project activities such as increased service rates, hookup charges or tax assessments;
- h. the applicant has proposed administratively sound, cost-effective means of minimizing adverse financial impacts or maximizing benefits, such as establishing a metered water system to allocate costs on the basis of use or payment of assessments, hookup fees or water meter installation charges for low and moderate income households;
- i. the estimated cost per household has been discussed and is documented in the public hearing minutes and affected property owners have been informed of the amounts of any anticipated increases in assessments or user charges through public hearings or other consultations and are in support of the project;
- j. the local governing body has officially adopted a public facilities

plan or a capital improvements program and the proposed CDBG project is an integral part of that plan; and

k. in cases where the proposed project will not completely resolve the community's public facilities need, the project is consistent with an adopted capital improvements program and represents a complete component of the overall program.

**Each application will receive points depending upon its overall response to the criterion, in comparison with the other applications submitted:**

<b>BEST</b>	<b>75 points</b>
<b>ABOVE AVERAGE</b>	<b>56 points</b>
<b>AVERAGE</b>	<b>38 points</b>
<b>BELOW AVERAGE</b>	<b>19 points</b>

## 2. NEED FOR PROJECT -- 150 points

This ranking criterion will consider the overall need for the activities to be addressed with CDBG funds in comparison with the other public facilities projects submitted for funding. In documenting the need for the proposed CDBG project activities, applicants should address, as appropriate:

- the degree to which the public facilities problem to be addressed with CDBG funds affects the public's health and safety, the proportion of the total community that is affected, and how;
- the immediacy of the public facilities problem to be addressed with CDBG funds, including the cause of the problem, how long the problem has existed, and/or how often it has reoccurred; and
- whether the proposed activities to be addressed with CDBG funds are necessary to comply with a court order or a State agency mandate.

The need for the proposed project activities will be assessed by using existing criteria or recommendations of other appropriate public or private agencies, whenever possible. When necessary, the Department will seek technical review by appropriate agencies to evaluate proposals. The Montana Department of Health and Environmental Sciences will be asked to review all public facility proposals involving water, sewer or solid waste activities and to recommend a ranking score for each.

Priority will be given to projects which are designed to complement local efforts to eliminate serious and immediate threats to the public's health or safety. This criterion will assess the overall need for the specific activities proposed to be funded with CDBG funds in comparison with other applicants. Combining high priority activities with activities considered to be lower priority could result in the assignment of a lower overall rank. In order to document that serious conditions exist, applicants should submit written verification by a public or private agency other than the applicant (a statewide agency, if possible) that existing conditions pose a threat to the health or welfare of the community or targeted population group.

In applying the "Need for Project Activities" criterion, the reviewing agency will consider whether the applicant has thoroughly documented through technical reports and public or private agency comments that:

- a. a serious deficiency exists in a basic or necessary community public facility or service, such as the provision of a safe domestic water supply (or that the community lacks the facility or service entirely);
- b. circumstances clearly attributable to a deficiency have occurred, or are likely to occur, such as serious illness, disease outbreak, substantial property loss or serious environmental pollution;
- c. the entire community or a substantial portion of the residents of the

community are seriously affected by the deficiency; and

- d. the problem is existing, continual, and chronic as opposed to occasional, sporadic, probable or potential.

Applicants proposing CDBG-funded activities which, overall, are considered to be addressing the most severe and immediate needs will receive the highest score.

Each application will receive points depending upon its overall response to the criterion, in comparison with the other applications submitted:

<b>MOST SEVERE AND IMMEDIATE</b>	<b>150 points</b>
<b>ABOVE AVERAGE</b>	<b>113 points</b>
<b>AVERAGE</b>	<b>75 points</b>
<b>BELOW AVERAGE</b>	<b>38 points</b>

### **3. APPROPRIATENESS OF THE TECHNICAL DESIGN -- 100 points**

Applicants for public facility projects must provide, as appropriate, a preliminary engineering or architectural plan or studies which is sufficiently detailed to describe the scope of the problem to be addressed as well as the components of and estimated costs for the proposed facility or improvements. The report should describe the technical alternatives considered to deal with the identified problem, the cost projections for each, and the rationale for the selection of the proposed alternative.

Any special features in the project area which will result in an unusual facility design or a costly design (e.g. lack of right-of-way, topography) should be described. Applicants should also indicate the sources of cost estimates for each activity.

When necessary, the Department will seek technical review by appropriate agencies. The Montana Department of Health and Environmental Sciences will be asked to review all public facility proposals involving water, sewer, or solidwaste activities and to recommend a ranking score for each.

In applying the "Technical Design" criterion, the reviewing agency will consider whether:

- a. the project thoroughly addresses the problem and provides a reasonably complete and long-term solution in relation to the applicant's financial capacity and available funding sources; and
- b. after thoroughly considering all reasonable alternatives, the technical design proposed for the project represents the most efficient, appropriate, and cost effective option for resolving the local public facility need, considering the size and resources of the community, the complexity of the problems addressed, and the cost of the project.

If new construction is proposed, the applicant must thoroughly document that no buildings exist within the community which are suitable for purchase and modification. This documentation should include an analysis of both the physical and financial feasibility of existing buildings and analysis that the most appropriate and cost effective alternative is new construction.

Each application will receive points depending upon its overall response to the criterion, in comparison to the other applications submitted:

BEST	100 points
ABOVE AVERAGE	75 points
AVERAGE	50 points
BELOW AVERAGE	25 points

#### **4. OPERATION AND MAINTENANCE -- 50 points**

**Applicants must provide a description of their plan to physically and financially maintain the proposed public facility project, or the total system of which the project is a component, over the long term after construction.**

**The Montana Department of Health and Environmental Sciences will be asked to review all public facility proposals involving water, sewer, or solid waste activities and to recommend a ranking score for each.**

In applying the "Operation and Maintenance" criterion, the reviewing agency will consider whether:

- a. the applicant's long-term plan for financial and physical operation and maintenance of the facility or the overall system appears sound and thorough;
- b. the applicant's past performance has demonstrated that reasonable operation and maintenance costs have been and are likely to be supported by the community over the long-term, including adequate reserves for repair and replacement; and
- c. if applicable, adequate training for maintenance staff and public works operators has been and will be provided;
- d. if applicable, the applicant has thoroughly explained the circumstances and described the actions that will be taken in the future to assure that the problem will not reoccur, if there are indications that the problem is not of recent origin or has developed because of inadequate operation and maintenance practices.

**Each application will receive points depending upon its overall response to the criterion, in comparison to the other applications submitted:**

<b>BEST</b>	<b>50 points</b>
<b>ABOVE AVERAGE</b>	<b>38 points</b>
<b>AVERAGE</b>	<b>25 points</b>
<b>BELOW AVERAGE</b>	<b>13 points</b>

## 5. READINESS AND COMMUNITY EFFORTS — 100 points

This criterion will assess the applicant's readiness to promptly complete the project if awarded CDBG funds and the applicant's efforts to secure alternative or additional funds from appropriate public and private sources to finance the proposed project.

In order to be eligible for an "above average" or higher score, an applicant for a CDBG public facility grant must document that it is ready to proceed with the project immediately following normal CDBG grant start-up procedures and alternative funding sources are committed and available to assure substantial completion of construction during the first year following grant award. In applying the "Community Efforts" criterion, the Department will also consider whether the applicant has provided evidence of serious efforts to thoroughly seek out and secure the firm commitment of alternative or additional funds from all appropriate public or private sources to finance or assist in the financing of the proposed project.

In documenting a public commitment, the public agency must specify the amount and use of the funds or resources. Funds or resources committed by a local government must take the form of a resolution by the governing body which specifies the approximate amount of the commitment. Funds or resources from a State or federal agency must be documented by a letter of commitment from the agency involved. The commitment of funds or resources may be made on the condition that CDBG funds are made available for the activity proposed to be undertaken.

Each application will receive points depending upon its overall response to the criterion, in comparison to the other applications submitted:

BEST	100 points
ABOVE AVERAGE	75 points
AVERAGE	50 points
BELOW AVERAGE	25 points

## **6. NEED FOR FINANCIAL ASSISTANCE -- 100 points**

Each applicant must demonstrate that the proposed CDBG activities offer a solution to an identified community development need which could not reasonably be accomplished by the applicant without CDBG assistance. The applicant must substantiate that other private or local, State or federal resources are not available at reasonable cost to address the identified need and must demonstrate that the level of local financial participation in the proposed project is the maximum that it can reasonably be expected to provide.

The "Need For Financial Assistance" criterion will assess the degree to which the applicant has clearly documented that its request for CDBG financial assistance is necessary and reasonable, relative to its financial capability and the amount of CDBG assistance requested per benefiting household, in comparison to other applications. The purpose of this criterion is to assess the financial need of the applicant for CDBG funds compared to all other local, state, and federal financial resources currently or potentially available to the applicant.

CDBG funds should be requested only for the difference between the total cost of a project and the amount of funds that an applicant can reasonably provide. Each community is expected to contribute a reasonable share of project costs and to request the least amount of CDBG funds necessary to complete a project.

In order to be eligible for an "above average" or higher score, applicants for CDBG public facility grants must contribute local funds equal to 25 percent of the non-administrative CDBG funds requested as part of their project budget. For example, if a community intends to request \$200,000 in CDBG funds for assistance in financing engineering and construction costs, it would have to provide a \$50,000 matching contribution.

The local share of the non-administrative (construction and engineering) budget may be provided either by a direct cash contribution or by incurring a loan or issuing bonds to be paid through user charges or property tax assessments. "In-kind" services (such as land, labor or materials), debt incurred prior to grant application, or grants from other sources would not be eligible to document the applicant's local share of project costs.

For the purposes of ranking this criterion, the Department will consider this level of effort the standard for comparing local participation in the proposed project's non-administrative costs.

**The Department will waive this standard for ranking local financial participation for water and sewer projects where:**

- 1. The annual average water or sewer rate, with CDBG assistance included, would exceed one percent (1%) of the median family income for the city, town, or county census division in which the project is located, (according to the table presented in Appendix F); or**

2. The bonded indebtedness per household for the project area for the water or sewer utility, with CDBG assistance included, would exceed eight percent (8%) of the median family income for the city, town, or county census division in which the project is located. (according to the table presented in Appendix F).

A high water rate or high water bonded indebtedness cannot be used as the basis of a waiver for a sewer project or vice versa.

In those cases where an applicant is proposing to address two or more utilities in one project, such as both water and sewer, the above standards would apply to the "higher cost" utility, for example, the utility with the higher user rate or higher per household bonded indebtedness.

For public facility projects other than those involving water or sewer, the Department will consider waiver of the local match standard where other indicators of financial capacity clearly indicate that higher local financial participation is not reasonable or appropriate. In the case of local governments which are applying on behalf of private nonprofit organizations, the application should state whether funds were requested from the sponsoring local government to assist in financing the project. Specific justification for the level of local government participation must be provided.

The amount of non-administrative CDBG funds requested per household for the project area must be reasonable relative to other applicants. In no case should the request exceed \$10,000 per household, unless both of the tests in section 1 and 2 above are first met.

At a minimum, each applicant should provide the following information for the current fiscal year (as applicable for the type of project and financing mechanism proposed):

1. Taxable valuation of the applicant jurisdiction;
2. Number of mills levied within the project area by:
  - a. the applicant (general purpose local government),
  - b. the local school district, and
  - c. any other taxing jurisdictions applicable to the project area;
3. For all public facilities with existing or proposed user fees the:
  - a. existing average monthly service rate for the service to be assisted;
  - b. anticipated average monthly rate for the service, with CDBG assistance; and
  - c. anticipated average monthly rate for the service, without CDBG assistance.

Note: For water projects, the existing and anticipated rates must be based on 10,000 gallons monthly consumption per residential household. For the

calculation of anticipated rate increases, with and without CDBG assistance, the applicant must specify the interest rate, term, and amount to be financed.

4. Total existing bonded indebtedness of, including a description of the sources of debt:
  - a. the city or town, if a municipality,
  - b. the county, if a county-wide project, or
  - c. the sewer, water or solid waste district, if applicable.
5. If applicable, the amount of any non-obligated local government cash reserves exceeding \$25,000 or more currently in certificates of deposits or other similar savings accounts.

Forms for listing the above information are available from the Department of Commerce. The applicant should identify the source(s) of supporting data for all information provided in response to this criterion.

In responding to this criterion, the applicant should document local financial constraints such as existing mill levies set at the legal ceiling, outstanding indebtedness at or approaching the limits set by State law, bonding capacity insufficient to fund the entire project, continued past increases in service rates, and/or existing or proposed service rates that are well above average.

In applying the "Need for CDBG Assistance" criterion, the Department will consider whether:

- a. the applicant will contribute local funds equal to 25 percent of the non-administrative CDBG funds requested, unless the criteria for waiver have been met;
- b. the applicant has clearly documented that all avenues to fund the proposed project with local resources have been exhausted and that the proposed level of local financial participation in the project is the maximum that can reasonably be expected;
- c. the proposed project could reasonably be accomplished with a lower amount of CDBG assistance to fill a financial gap;
- d. low and moderate income households are concentrated in the project area, or would be principal beneficiaries of the public facility, and a thorough analysis of project costs clearly documents the residents' lack of ability to pay the projected costs without CDBG assistance; and
- e. the amount of CDBG funds per household to be assisted does not exceed \$10,000 per household, unless the criteria for waiver has been met.

Each application will receive points depending upon its overall response to the criterion, in comparison to the other applications submitted:

<b>BEST</b>	<b>100 points</b>
<b>ABOVE AVERAGE</b>	<b>75 points</b>
<b>AVERAGE</b>	<b>50 points</b>
<b>BELOW AVERAGE</b>	<b>25 points</b>

## **7. BENEFIT TO LOW AND MODERATE INCOME -- 150 points**

In order for a public facilities project to be funded, it must be identified as an activity principally benefiting persons of low and moderate income. In addition, the activity must either:

- a. be carried out in a neighborhood consisting predominately of persons of low and moderate income and provide services for such persons; or
- b. involve facilities designed for use predominately by persons of low and moderate income.

This ranking criterion assesses the extent to which CDBG funds will be used to benefit low and moderate income persons by dividing the total amount of non-administrative CDBG funds proposed to be used to benefit low and moderate income households by the total amount of non-administrative CDBG funds requested by the applicant.

Applicants will be assigned three points for each documented percentage of benefit to low and moderate income persons above fifty percent. Fractional percentages will be rounded to the nearest whole number.

Documentation for benefit to low and moderate income must be consistent with the 1990 edition of the Department of Commerce guidelines, Documenting Benefit to Low and Moderate Income Persons, and described on the form provided in those guidelines.

## **8. PROJECT MANAGEMENT— 75 points**

In applying the "Project Management" criterion, the Department will consider whether:

- a. the applicant's plan for assuring proper short and long-term management of the CDBG project, including financial management of grant funds, compliance with State and federal requirements, and effective implementation of project activities, is sound and appropriate;
- b. the applicant has demonstrated that the activities are feasible and achievable, taking into consideration the size and resources of the community and the budget and implementation schedule proposed, and can be conducted consistent with applicable State and federal requirements;
- c. the applicant has demonstrated adequate pre-planning to ensure that project activities can commence quickly if funds are awarded and that firm commitments exist for any other resources to be involved in the project;
- d. the applicant has incorporated features in the overall project design to assure that sound management concepts are followed for the long-term. For example, when proposing major improvements to a community water system, the applicant will institute water metering to encourage conservation and a more equitable assignment of user costs;
- e. the applicant has addressed environmental concerns or is in the process of addressing them and there appear to be no major problems, or appropriate resolutions for identified problems have been described;
- f. the applicant has identified (or developed position descriptions for) the person or persons who will be responsible for day-to-day project management and financial management or has identified any services which will need to be contracted for to carry out the project;
- g. in cases where direct financial assistance to low and moderate income persons is proposed, the applicant:
  1. has developed a sound and cost-effective targeting mechanism which is appropriate and feasible given the administrative resources of the applicant;
  2. has provided thorough documentation in support of any claims of benefit to low and moderate income persons; and
  3. can assure completion of the targeting assistance within the term of the project.
- h. in cases where more than a single funding source or organization is involved, the applicant has described how these will be coordinated and directed; and

- i. in cases where the applicant is a previous grantee under the State CDBG Program, performance of project management responsibilities has been above average or superior.

**Each application will receive points depending upon its overall response to the criterion, in comparison to the other applications submitted:**

<b>BEST</b>	<b>75 points</b>
<b>ABOVE AVERAGE</b>	<b>56 points</b>
<b>AVERAGE</b>	<b>38 points</b>
<b>BELOW AVERAGE</b>	<b>19 points</b>



## VII. PROCEDURES FOR GRANT AWARD

### A. ANNOUNCEMENT OF RANKING RESULTS AND GRANT AWARDS

As soon as possible after the selection of applicants to receive awards is completed, the Director will notify all applicants of the final results in writing. A summary of the final ranking results will be provided to each applicant along with the written findings of the team that reviewed the application.

Funds will be tentatively allocated to the selected applications. The tentative allocation of funds does not imply approval of all activities or costs proposed in the selected application. The proposed work program and budget may be subject to minor modification during subsequent contract negotiations between the applicant and the Department. The formal award of funds will be contingent upon the execution of a contract between the applicant and the Department in accordance with all applicable federal and State requirements.

### B. RE-RANKING OF APPLICATIONS

Re-ranking may be considered in the event that an applicant tentatively selected to receive CDBG funds is unable to substantiate information contained in the application which may have been a determining factor in the ranking score received or if an applicant requests modification of any activities proposed in the original applications. (See procedures under Section H, Grant Amendment, Chapter VIII, PROJECT START-UP PROCEDURES.)

### C. APPLICATION REVIEW

Department of Commerce CDBG staff will review applications with applicants on request to discuss the evaluation and ranking of their applications.

A file will be maintained for each application, including the written findings of the team that reviewed the application. After grant awards have been announced, the application files will be available for public review upon request in the Department's offices in Helena, Montana.

### D. APPLICANT APPEAL

Appeals will be granted only on the basis of miscalculation of the arithmetic scores. In the event that the Department determines that a miscalculation of scores occurred and resulted in an application not being selected for funding that otherwise would have been selected, the Department will reserve funds from the fiscal year 1991 CDBG State allocation sufficient to fund that application. Those funds will be made available as soon as is practicable. If any other applicant tentatively selected for fiscal year 1990 funding is unable to fulfill the conditions required to secure a final commitment of funds, the tentative grant commitment to that applicant will be withdrawn and made available to that applicant erroneously scored. The reservation of the 1991 CDBG funds would then be adjusted or cancelled, as appropriate.

## VIII. PROJECT START-UP PROCEDURES

### A. AMOUNT OF GRANT AWARD

Funds will be tentatively awarded to selected applications by the Department of Commerce. While grant ceilings establish the maximum amounts which may be requested, individual grants will be awarded only in amounts appropriate to the scope of the identified problem, the proposed project activities, and the needs, resources and administrative capacity of the applicant. Tentative amounts greater or less than the amount originally requested may be awarded, at the discretion of the Department. The tentative award of funds does not imply approval of all activities or specific costs proposed in the selected application. The proposed work program and budget may be subject to modification during subsequent contract negotiations between the applicant and the Department. The Department will not grant additional funds to pay for project costs which exceed the contract grant award.

In the event a project can be completed for less than the grant amount, the difference between actual project costs and the original grant award will be reserved by the Department for unfunded or inadequately funded projects or added to the following fiscal year's CDBG allocation. The Department will amend the grant contract to reflect the reduced costs.

In certain circumstances excess funds may be used for an eligible activity which further enhances the contracted project. Before the Department makes a determination to allow the additional activity, the grantee must demonstrate that the activity will: clearly enhance the overall impact of the original project; provide adequate benefits to low and moderate income persons; be completed in a timely manner; and be able to be completed with the excess funds. The grantee must have also demonstrated satisfactory progress toward completion of the original contracted project activities.

### B. PROJECT START-UP REQUIREMENTS

Within four months of the date of the announcement of the tentative grant award by the Montana Department of Commerce, each applicant selected for CDBG funding must execute a grant contract with the Department.

Within six months of the date of the announcement of the tentative grant award by the Department, each applicant selected for CDBG funding must:

- comply with all applicable State and federal requirements for project start-up;
- establish with the Department a mechanism for transfer of CDBG funds to the grantee; and
- submit an acceptable management plan and schedule for local CDBG project administration and implementation; and
- fulfill other appropriate contract terms established by the Department.

In the event that these conditions have not been met, the tentative award will

be withdrawn and the funds reallocated according to the State CDBG Program project ranking and grant award procedures, unless the tentative grantee can demonstrate the existence of unusual or extenuating circumstances that would justify an extension of time to meet these conditions.

No applicant which has been tentatively selected for CDBG funding may obligate or incur costs for CDBG funds until specifically authorized in writing by the Department. Funds obligated or expenses incurred without proper authorization will be the responsibility of the grantee and cannot be reimbursed by CDBG funds at a later date. Incurring costs includes actions such as hiring staff or entering into a contract for engineering or management services or for acquisition of land.

It will take at least two months before any funds will actually be received. This delay occurs because several activities must take place in the interim. For example, the contract between the grantee and Department must be prepared, the grantee must conduct a review of environmental factors, and all the details for assuring proper management of the project and the federal funds must be finalized.

#### **C. GRANT CONTRACT**

After an application is tentatively selected for funding, a grant contract will be prepared. The grant contract is the legal document which governs the administration of the grant and includes the following items:

- the amount of CDBG funds to be provided;
- a detailed budget for the CDBG funds and any other funds involved in the project;
- the schedule for implementation of project activities and the scope of work to be completed; and
- the general and special terms and conditions associated with the grant.

The application as approved will become part of the grant contract.

No CDBG funds will be released to the grantee until a grant contract is fully executed and all project start-up requirements complied with.

#### **D. COMPLIANCE WITH STATE AND FEDERAL REQUIREMENTS**

It is the responsibility of all CDBG grantees to comply with all applicable federal and State laws, executive orders, and regulations affecting their projects. The Department will conduct training sessions to familiarize local officials of the recipient communities with these requirements. Participation is mandatory.

#### **E. COMMITMENT OF NON-CDBG RESOURCES**

Grantees which will require private, or local, State or federal public

resources, in addition to CDBG funds, to implement a proposed CDBG project must have completed, within six months of the date of the announcement of the tentative grant award by the Department of Commerce, all necessary arrangements to assure that those resources are available for commitment to and participation in the project in order to guarantee timely project completion. Unless the tentative grantee can demonstrate the existence of unusual or extenuating circumstances that would justify an extension of time, the tentative award will be withdrawn and the funds reallocated. The Department encourages applicants to secure firm commitments from all non-CDBG funding sources prior to submission of their CDBG application.

No CDBG funds will be released to the grantee until firm commitments are available for all non-CDBG resources to be involved in a project. No CDBG funds, other than for administrative purposes, may be obligated or incurred until this condition is released by the Department.

#### **F. PROJECT MONITORING**

During the course of the local CDBG project, the Department will monitor each grantee through periodic on-site visits and written progress reports, so that any problems which might occur may be resolved as soon as possible. It is the Department's goal to assist and support grantees in complying with applicable State and federal requirements and in implementing their project activities.

Grantees will be required to maintain complete financial and program files, and to comply with program reporting requirements. Representatives of the Department must be provided reasonable access to all books, accounts, records, reports and files pertaining to CDBG funded activities. Grantees must also provide citizens with reasonable access to records regarding the use of CDBG funds.

#### **G. TIMELY PROJECT COMPLETION**

The grant requested, either by itself or in combination with other previously identified funding sources, must be sufficient to complete the proposed activities within the contract period. The contract period is normally 18-24 months from the date of the announcement of the tentative grant award by the Department. The Department will consider each project separately during grant contract negotiations in order to establish a reasonable and realistic date for project completion.

The Department of Commerce reserves the right to withdraw a commitment for any CDBG funds which remain unobligated 24 months after the date of the announcement of the tentative grant award.

#### **H. GRANT AMENDMENT**

All grantees must request prior approval of grant amendments such as those involving new activities or alteration of the existing activities or budget or lengthening of the schedule for project implementation, as proposed in the grant application and/or negotiated in the grant contract. Before the

Department makes a determination to allow the amendment, the grantee must clearly demonstrate that the modification is justified and will enhance the overall impact of the original project. The Department will consider each request to determine whether the modification is substantial enough to necessitate reevaluating the project's original ranking. If warranted the Department will analyze the proposed modification and its impact on the scores originally assigned the application.

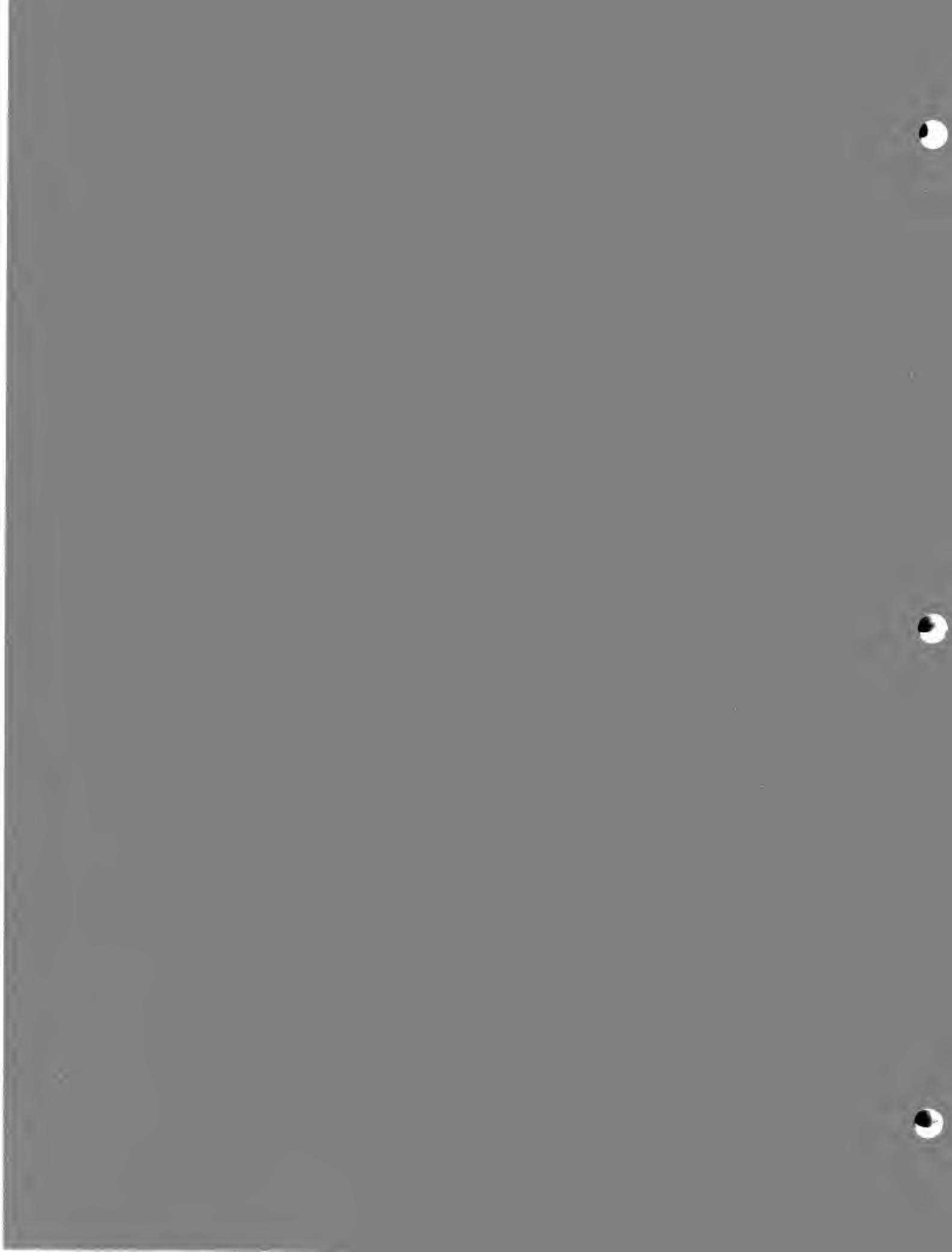
If re-ranked, in order to be approved, the proposed amendment must rank equal to or greater than the lowest numerical score received by a funded project.

The Department will require that a public hearing with reasonable notice be conducted by the grantee if the proposed amendment is determined to be a substantial change in project activities proposed in the original application for CDBG funds.

Substantial changes in project activities may also obligate the grant recipient to publish legal notices and to conduct additional environmental analysis in order to comply with federal environmental regulations.



# **APPENDICES**



## **APPENDIX A**

### **STATE OBJECTIVES FOR THE 1990 MONTANA COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

#### **General**

1. Provide funding to communities whose needs are greater than those of other communities and whose projects most effectively address local needs and the goal and objectives of the Montana CDBG Program.
2. Encourage meaningful citizen participation, including efforts to involve low and moderate income persons, in the selection, design and implementation of local community development projects.
3. Ensure that CDBG projects result in sound investment in Montana's communities and are administered efficiently, effectively and consistently with appropriate State and federal policies.
4. Encourage the recognition of potential environmental constraints on community development activities in order to avoid or mitigate potentially adverse impacts upon the human and natural environment.
5. Encourage coordinated long-term strategies for community development activities which are consistent with local planning efforts and capital improvements programming.
6. In order to increase the potential impact of limited CDBG funds, encourage the commitment and coordination of other available public or private resources for community development projects.

#### **Economic Development**

7. Encourage viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent, year around jobs principally for low and moderate income Montanans.
8. Encourage projects that will involve basic economic activities, including manufacturing, import substitution activities; or the distribution of Montana-made goods.
9. Encourage projects that involve the processing, refining, and marketing of Montana's natural resources.

#### **Housing**

10. Provide decent, safe, sanitary and energy efficient housing for persons of low and moderate income by conserving and improving the condition of appropriate existing housing stock.
11. Support the revitalization of deteriorated or declining residential neighborhoods through comprehensive neighborhood improvement efforts which address blight, as well as housing and public facility needs, while

avoiding displacement of current residents.

12. Encourage the provision of affordable and appropriate housing assistance to low and moderate income households, and in particular, those with special needs such as those with lower incomes, female heads of family, or minority, elderly or disabled members.
13. Increase fair housing opportunity for low and moderate income persons by encouraging efforts by local governments to prevent discriminatory or restrictive housing practices.
14. Encourage private sector investment in housing for low and moderate income households and increase the impact of local housing programs through cooperative arrangements with private lenders and the use of financial leveraging techniques.

#### **Public Facilities**

15. Assist communities in providing appropriate and long-term solutions to serious deficiencies in public facilities which are detrimental to the public health and safety and detract from further community development, or which are necessary to meet other essential community needs.
16. Encourage community participation in the financing of public facility projects in proportion to local financial resources and capacity to share in project costs.

## APPENDIX B

### CITIZEN PARTICIPATION PLAN FOR THE MONTANA COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

#### A. Purpose

Pursuant to Section 104(a)(3) of the Housing and Community Development Act, the Montana Department of Commerce (DOC) has prepared the following detailed Citizen Participation Plan. The intent of this plan is to ensure that the citizens of Montana, particularly persons of low and moderate income residing in slum and blight areas or areas in which CDBG funds are proposed to be used, are provided the opportunity and encouraged to participate in the planning and implementation of CDBG-funded activities.

#### B. Responsibilities of the Montana Department of Commerce

1. Prior to submitting its annual CDBG Application Guidelines to the U.S. Department of Housing and Urban Development (HUD), DOC will in a timely manner:
  - (a) furnish interested citizens and eligible local governments information concerning the amount of funds available for proposed community development and housing activities and the range of activities that will benefit persons of low and moderate income, the State's community development objectives, and the projected use of CDBG funds;
  - (b) publish proposed application guidelines in such a manner to provide affected citizens an opportunity to examine their contents and to submit comments on the proposed guidelines and on the community development performance of DOC; and
  - (c) hold one or more public hearings to obtain the views of citizens on community development and housing needs as authorized by Section 90-1-103, MCA, and under the procedures established by the Montana Administrative Procedures Act, Title 2, Chapter 4, MCA.
2. The Federal Housing and Community Development Act, which established the CDBG program, requires the Department of Commerce to submit a performance and evaluation report to HUD on each of the past annual CDBG programs which have been administered by the State. These reports include a summary of the accomplishments of each local project funded through each fiscal year's program, a description of the use of the funds for each project, a description of the national and state objectives met by each project, as well as a summary of the extent to which low and moderate income persons benefited from each project. These reports were first submitted to HUD in 1986 and are published annually in September. Copies are available from the Department for public review and comment.

3. After providing reasonable notice, the public may review Department of Commerce files pertaining to the past use of CDBG funds under the State CDBG program at the Department's offices in Helena, Montana;
4. The Montana Department of Commerce will give citizens and Montana's local governments reasonable notice of, and an opportunity to comment on, any proposed change in the method of distribution of CDBG funds or any major amendment of the Montana CDBG Program Guidelines. The Department will:
  - (a) publish a notice of the proposed change in order to provide citizens and Montana's counties and municipalities reasonable notice of the change;
  - (b) consider comments received from citizens and local government officials prior to making a final decision regarding the change;
  - (c) publish the change; and
  - (d) submit a copy of the change to HUD.

**C. Responsibilities of CDBG Applicants and Recipients**

1. Citizen participation in the preparation of CDBG applications
  - (a) Applicants must provide citizens, especially low and moderate income residents, an adequate notice and opportunity for meaningful involvement in the planning and development of CDBG applications.
  - (b) At a minimum, the applicant must hold two public hearings, one before preparing the application and one prior to passage of a resolution by the governing body authorizing the submission of the application. The public hearings may be conducted either as part of a regularly scheduled meeting of the governing body or as hearings convened especially for CDBG purposes.
  - (c) A record of the required hearings must be submitted with the application for CDBG funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; the names of persons who attended and a summary of comments by local officials and citizens is sufficient.
  - (d) The purpose of the first public hearing is to inform citizens about the CDBG program, the amount of funds available, how it may be used, the range of activities eligible for funding and other general program requirements. The first hearing is also designed to solicit public comment, particularly from low and moderate income people, on community needs and priorities for economic development,

housing and public facilities, including the needs of low and moderate income persons. In considering the needs of low and moderate income, the governing body is encouraged to consider the needs of households which may be especially needy, such as those with lower incomes, female heads of households or minority, elderly or disabled members. The first public hearing must be held not more than twelve months prior to the date of application.

- (e) The purpose of the second public hearing is to give citizens and potential beneficiaries of the proposed project adequate opportunity to review and comment on the community's CDBG application, before the community submits its application. The issues which should be considered include the proposed project location, activities, budget (including the estimated amount and sources of funds proposed to be used for activities that will benefit low and moderate income families), any costs to be imposed on residents as a result of the project (particularly those of low and moderate income), and, if appropriate, the plans of the grantee for minimizing displacement of persons as a result of activities assisted with CDBG funds. The second public hearing must be held not more than two months prior to the date of application.
- (f) Notice of each public hearing should be published at least once in a newspaper of general circulation in the community at least seven days prior to the hearing. In addition to the published notices, the applicant should make reasonable efforts to inform citizens of the hearings who may be affected by a CDBG project but who might not be reached through formal newspaper notices. Examples of actions applicants may take to ensure citizen participation include meeting with community groups and leaders prior to public hearings, holding informational meetings, distributing notices of public meetings to residents, or posting of notices in ways customary to the community. These efforts should be especially concentrated in any neighborhood which may be affected by a proposed CDBG project. The hearings should be scheduled at times and locations which will encourage broad citizen participation. (Communities without a newspaper may substitute alternatives such as radio announcements, mailed notices, and posters.)

**D. Responsibilities of Both DOC and CDBG Applicants and Recipients.**

**1. Public Hearings**

- (a) Public hearings will be the primary means of obtaining citizen views and responding to proposals and questions related to community development and housing needs, proposed CDBG activities and past CDBG performance.

(b) Formal public notice will be provided before such public hearings. As circumstances warrant and as DOC and cities, towns and counties determine necessary or appropriate, notice may additionally be specifically directed to persons of low and moderate income, those persons benefiting from or affected by CDBG activities and/or representatives of such persons. Hearings will be held at times and locations convenient to potential and actual beneficiaries and with accommodation for the handicapped. In the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate, arrangements will be made to have an interpreter present.

2. Access to Records, Meetings, Information

- (a) DOC and local government applicants for or recipients of CDBG funds will provide citizens with reasonable and timely access to local meetings, information, and records relating to the proposed actual use of CDBG funds.
- (b) Information and records regarding the proposed and past use of CDBG funds will be available at the Montana Department of Commerce, Local Government Assistance Division, Helena, Montana, and at a location designated by each CDBG applicant and grant recipient during regular office hours.

3. Technical Assistance

The Montana Department of Commerce and Montana cities, towns and counties will provide technical assistance to groups representative of persons of low and moderate income that request assistance in developing CDBG proposals. The level and type of assistance which is appropriate will be determined by the Department and each governing body based on its ability to provide or arrange for such assistance, the cost of providing such assistance, and other relevant factors.

4. Complaints and Grievances

DOC and Montana cities, towns and counties will respond to written complaints and grievances concerning their CDBG activities in writing and in a timely manner. When practicable, such written responses shall be made within fifteen (15) working days.

5. Montana Law

DOC and local government applicants for, and recipients of, CDBG funds shall afford Montana citizens reasonable opportunity to participate in governmental actions and decision making as provided under Montana law (Title 2, Chapter 3, MCA).

6. Grant Amendment

- (a) All grantees must request prior approval of grant amendments such as those involving new activities or alteration of the existing activities or budget or lengthening of the schedule for project implementation, as proposed in the grant application and/or negotiated in the grant contract.
- (b) The Department will require that a public hearing with reasonable notice be conducted by the grantee if the proposed amendment is determined to be a substantial change in project activities contained in the original application for CDBG funds.
- (c) Substantial changes in project activities may also obligate the grant recipient to publish legal notices and to conduct additional environmental analysis in order to comply with federal environmental requirements.



## APPENDIX C

### ACTIVITIES ELIGIBLE FOR CDBG ASSISTANCE UNDER THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

The following includes the entire text of Section 105(a) of the Housing and Community Development Act of 1974 which describes the activities which are eligible for CDBG assistance.

#### Eligible Activities

Section 105(a) Activities assisted under this title may include only:

- (1) the acquisition of real property (including air rights, water rights, and other interests therein) which is (A) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth; (B) appropriate for rehabilitation or conservation activities; (C) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; (d) to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or (E) to be used for other public purposes;
- (2) the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except buildings for the general conduct of government), and site or other improvements;
- (3) code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public improvements and services to be provided, may be expected to arrest the decline of the area;
- (4) clearance, demolition, removal, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for rehabilitation, and rehabilitation, of privately owned properties and including the renovation of closed school buildings);
- (5) special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;
- (6) payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by activities under this title;
- (7) disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to this title or its retention for public purposes;

(8) provisions of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this title, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 15 per centum of the amount of any assistance to a unit of general local government under this title may be used for activities under this paragraph unless such unit of general local government used more than 15 percent of the assistance received under this title for fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98-8), in which case such unit of general local government may use not more than the percentage or amount of such assistance used for such activities for such year, whichever method of calculation yields the higher amount;

(9) payment of the non-federal share required in connection with a federal grant-in-aid program undertaken as part of activities assisted under this title;

(10) payment of the cost of completing a project funded under title I of the Housing Act of 1949;

(11) relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate;

(12) activities necessary (A) to develop a comprehensive community development plan, and (B) to develop a policy-planning-management capacity so that the recipient of assistance under this title may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and objectives, (iv) evaluate the progress of such programs in accomplishing these goals and objectives, and (v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation;

(13) payment of reasonable administrative costs and carrying charges related to the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities, and including the carrying out of activities as described in section 701(e) of the Housing Act of 1954 on the date prior to the date of enactment of the Housing and Community Development Amendments of 1981;

(14) activities which are carried out by public or private nonprofit entities, including (A) acquisition of real property; (B) acquisition, construction, reconstruction, rehabilitation, or installation of (i) public facilities (except for buildings for the general conduct of government), site improvements, and utilities, and (ii) commercial or industrial buildings or

structures and other commercial or industrial real property improvements; and  
(C) planning;

(15) assistance to neighborhood-based nonprofit organizations, local development corporations, or entities organized under section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development energy conservation project in furtherance of the objectives of section 101(c), including grants to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of assisting, as part of neighborhood revitalization or other community development, the development of shared housing opportunities (other than by construction of new facilities) in which elderly families (as defined in section 3(b) (3) of the United States Housing Act of 1937) benefit as a result of living in a dwelling in which the facilities are shared with others in a manner that effectively and efficiently meets the housing needs of the residents and thereby reduces their cost of housing;

(16) activities necessary to the development of comprehensive community-wide energy use strategy, which may include items such as --

- (A) a description of energy use and projected demand by sector, by fuel type, and by geographic area;
- (B) an analysis of the options available to the community to conserve scarce fuels and encourage use of renewable energy resources;
- (C) an analysis of the manner in, and the extent to, which the community's neighborhood revitalization, housing, and economic development strategies will support its energy conservation policy;
- (D) an analysis of the manner in, and the extent to, which energy conservation objectives will be integrated into local government operations, purchasing and service delivery, capital improvements, budgeting, land use planning and zoning, and traffic control parking, and public transportation functions;
- (E) a statement of the actions that community will take to foster energy conservation and the use of renewable energy resources in the private sector, including the enactment and enforcement of local codes and ordinances to encourage or mandate energy conservation or use of renewable energy resources, financial and other assistance to be provided (principally for the benefit of low-and moderate-income persons) to make energy conserving improvements to residential structures, and any other proposed energy conservation activities;
- (F) appropriate provisions for energy emergencies;
- (G) identification of the local governmental unit responsible for administering the energy use strategy;

(H) provision of a schedule for implementation of each element in the strategy; and

(I) a provision of the savings in scarce fossil fuel consumption and the development and use of renewable energy resources that will result from implementation of the energy use strategy;

(17) provision of assistance to private, for-profit entities, when the assistance is necessary or appropriate to carry out an economic development project; and

(18) the rehabilitation or development of housing assisted under Section 17 of the United States Housing Act of 1937.

(19) provision of assistance to facilitate substantial reconstruction of housing owned and occupied by low and moderate income persons (A) where the need for the reconstruction was not determinable until after rehabilitation under this section had already commenced, or (B) where the reconstruction is part of a neighborhood rehabilitation effort and the grantee (i) determines the housing is not suitable for rehabilitation, and (ii) demonstrates to the satisfaction of the Secretary that the cost of substantial reconstruction is significantly less than the cost of new construction and less than the fair market value of the property after substantial reconstruction.

(b) Upon the request of the recipient of assistance under this title, the Secretary may agree to perform administrative services on a reimbursable basis on behalf of such recipient in connection with loans or grants for the rehabilitation or properties as authorized under subsection (a)(4).

(c)(1) In an case in which an assisted activity described in paragraph (14) or (17) of subsection (a) is identified as principally benefiting persons of low and moderate income such activity shall --

(A) be carried out in a neighborhood consisting predominately of persons of low and moderate income and provide services for such persons; or

(B) involve facilities designed for use predominately by persons of low and moderate income; or

(C) involve employment of persons, a majority of whom are persons of low and moderate income.

The requirements of subparagraph (A) do not prevent the use of assistance under this title for the development, establishment, and operation for not to exceed two years after its establishment of a uniform emergency telephone number system if the Secretary determines that -

(i) such system will contribute substantially to the safety of the residents of the area served by such system;

(ii) not less than 51 percent of the use of the system will be by persons of low and moderate income, and

(iii) other Federal funds received by the grantee are not available for the development, establishment, and operation of such system due to the insufficiency of the amount of such funds, the restrictions on the use of such funds, or the prior commitment of such funds for other purposes by the grantee.

The percentage of the cost of the development, establishment, and operation of such a system that may be paid from assistance under this title and that is considered to benefit low and moderate income persons is the percentage of the population to be served that is made up of persons of low and moderate income.

(2) In any case in which an assisted activity described in subsection (a) is designed to serve an area generally and is clearly designed to meet identified needs of persons of low and moderate income in such area, such activity shall be considered to principally benefit persons of low and moderate income if (A) not less than 51 percent of the residents of such area are persons of low and moderate income; or (B) in any jurisdiction having no areas meeting the requirements of subparagraph (A), the area served by such activity has a larger proportion of persons of low and moderate income than not less than 75 percent of the other areas in the jurisdiction of the recipient.\*

(3) Any assisted activity under this title that involves the acquisition or rehabilitation of property to provide housing shall be considered to benefit persons of low and moderate income only to the extent such housing will, upon completion, be occupied by such persons.

\*Technical amendments to the Act in 1984 limit the exception provided in this paragraph to urban counties and metropolitan cities. The option provided in this paragraph (2) is therefore not available to applicants for the Montana CDBG Program.

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## **APPENDIX D**

### **MONTANA DEPARTMENT OF COMMERCE STATE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

#### **CERTIFICATIONS FOR APPLICATION**

Each applicant must agree to comply with all applicable State and federal laws and regulations in implementing their proposed CDBG project, if it is selected for funding. Listed in the following Certifications for Application are the most important federal regulations that apply to projects using CDBG funds. They cover a wide range of issues including environmental impacts, labor standards, employment practices, financial procedures, and civil rights, many of which can have an affect on the costs or complexity of project implementation. Each federal law or regulation is annotated to give the applicant a general understanding of the requirements that must be met. Since this is a brief summary and not intended to be a comprehensive description of each law, local officials who have any questions or concerns regarding the applicability of these requirements should contact the Department of Commerce for guidance.

MONTANA DEPARTMENT OF COMMERCE  
STATE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CERTIFICATIONS FOR APPLICATION

The Applicant hereby certifies that:

**ACCEPTANCE OF CDBG PROGRAM REQUIREMENTS**

It will comply with all applicable parts of Title I of the Housing and Community Development Act of 1974, as amended, which have not been cited herein as well as with other applicable federal laws and regulations.

It will comply with all requirements established by the Department of Commerce to ensure conformance to applicable State laws, regulations, and administrative procedures.

It accepts the terms, conditions, selection criteria, and procedures established by the Montana Community Development Block Grant (CDBG) Program and expressly waives any statutory or common law right it may have to challenge the legitimacy and propriety of these terms, conditions, criteria, and procedures in the event that it is not selected for an award of CDBG funds.

**ACQUISITION, DISPLACEMENT AND RELOCATION**

It will minimize displacement as a result of activities assisted with CDBG funds and assist persons actually displaced.

It will comply with:

-- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (The Uniform Act) as amended by the Uniform Relocation Act Amendments of 1987, Title IV of the Surface Transportation and Uniform Relocation Assistance Act of 1987 and implementing regulations 49 CFR part 24. These laws and accompanying regulations require the grantee to provide relocation payments and offer relocation assistance to all persons displaced as a result of acquisition of real property for an activity assisted under the CDBG program. Such payments and assistance must be provided in a fair and consistent and equitable manner that ensures that the relocation process does not result in a different or separate treatment of such persons on account of race, color, religion, national origin, sex, source of income, age, handicap, or familial status (families with children). The grantee must assure that, within a reasonable period of time prior to displacement, decent, safe and sanitary replacement dwellings will be available to all displaced families and individuals and that the range of choices available to such persons will not vary on account of their race, color, religion, national origin, sex, source of income, age, handicap, or familial status (families with children); and

The grantee must also inform affected persons of their rights and of the acquisition policies and procedures set forth in the regulations of 49 CFR, Part 24, Subpart B.

- The Antidisplacement and Relocation Assistance Plan adopted by the Montana Department of Commerce for the Montana CDBG program.

#### **ASSESSMENTS FOR PUBLIC IMPROVEMENTS**

It will not attempt to recover any capital costs of public improvements assisted in whole or part with CDBG funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless:

- a. CDBG funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than CDBG funds; or,
- b. for purposes of assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low income, the applicant certifies that it lacks sufficient CDBG funds to comply with the requirements of clause (a), above.

#### **BUILDING STANDARDS**

It will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided under the Montana CDBG Program to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped," Number A-117.1R 1971, subject to the exceptions contained in CFR 101-19.604. It will also comply with the Architectural Barriers Act of 1968 and HUD regulations 24 CFR part 8, "Nondiscrimination Based on Handicap in Federally Assisted Activities of HUD". The applicant will be responsible for conducting inspections to insure compliance with these specifications by the contractor; and will comply with HUD Cost-Effective Energy Standards, 24 CFR Part 39.

#### **CITIZEN PARTICIPATION**

It will comply with the detailed Citizen Participation Plan adopted by the Montana Department of Commerce for the Montana CDBG program.

#### **CIVIL RIGHTS, EQUAL OPPORTUNITY, AND FAIR HOUSING REQUIREMENTS**

##### **Civil Rights**

It will comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no person in the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied in the

benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant received Federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the applicant, this assurance shall obligate the applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

### Equal Opportunity

It will comply with:

- Section 109 of the Housing and Community Development Act of 1974 (ACT), as amended, and the regulations issued pursuant thereto (24 CFR 570.601), which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under the Act;
- the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.). The act provides that no person shall be excluded from participation, denied program benefits or subjected to discrimination on the basis of age under any program or activity receiving federal funding assistance;
- Section 504 of the Rehabilitation Act of 1973, amended (29 U.S.C. 794). The act provides that no otherwise qualified individual shall, solely, by reason of his or her handicap, be excluded from participation (including employment), denied program benefits or subjected to discrimination under any program or activity receiving federal assistance funds;
- Section 3 of the Housing and Community Development Act of 1968 (12 U.S.C. 170/u) (24 CFR Part 135). Section 3 of the Housing and Urban Development Act of 1968 requires, in connection with the planning and carrying out of any project assisted under the Act, to the greatest extent feasible, opportunities for training and employment be given to lower-income persons residing within the unit of local government or the non-metropolitan county in which the project is located, and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part, by persons residing in the project area. The grantee must assure good faith efforts toward compliance with the statutory directive of Section 3; and
- Executive Order 11246, as amended by Executive Orders 11375 and 12086, and the regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60) prohibit a CDBG recipient and subcontractors, if any, from discriminating against any employee or applicant for employment because of race, color, religion, sex or national origin. The grantee and subcontractors, if any, must

take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action must include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. The grantee and subcontractors must post in conspicuous places, available to employees and applicants for employment, notices to be provided setting for the provisions of this nondiscrimination clause. For contracts over \$10,000 the grantee or subcontractors will send to each applicable labor union a notice of the above requirements, the grantee and subcontractors will comply with relevant rules, regulations and orders of the U.S. Secretary of Labor. The grantee or subcontractors must make their books and records available to State and federal officials for purposes of investigation to ascertain compliance.

#### Fair Housing

It will affirmatively further fair housing and will comply with:

- Title VIII of the Civil Rights Act of 1968 (AKA The Fair Housing Act) (42 U.S.C. 3601 et seq.), as amended by the Fair Housing Amendments Act of 1988 and the regulations issued pursuant thereto. The law states that it is the policy of the United States prohibiting any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. CDBG grantees must also administer programs and activities relating to housing and community development in a manner that affirmatively promotes fair housing and furthers the purposes of Title VIII; and
- Executive Order 11063, as amended by Executive Order 12259, requires CDBG recipients to take all actions necessary and appropriate to prevent discrimination because of race, color, religion, creed, sex or national origin; in the sale, leasing, rental and other disposition of residential property and related facilities (including land to be developed for residential use); or in the use or occupancy thereof if such property and related facilities are, among other things, provided in whole or in part with the aid of loans, advances, grants or contributions from the federal government.

#### PROHIBITION OF EXCESSIVE FORCE

It will, if awarded CDBG funds, adopt and enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations in accordance with Section 519 of Public Law 101-144, (the 1990 HUD

Appropriations Act).

#### CONFLICT OF INTEREST

It will comply with the provisions of 24 CFR 570.611 and with sections 2-2-125, 2-2-201, 7-3-4367, 7-5-2106, and 7-5-4109, MCA, (as applicable) regarding the avoidance of conflict of interest.

#### ENVIRONMENTAL REQUIREMENTS

##### Air Quality

It will comply with the Clean Air Act (42 U.S.C. 7401, et seq.) which prohibits engaging in, supporting in any way or providing financial assistance for, licensing or permitting, or approving any activity which does not conform to the State implementation plan for national primary and secondary ambient air quality standards.

##### Environmental Impact

It will comply with:

- Section 104(f) of the Housing and Community Development Act of 1974, as amended through 1981. This section expresses the intent that "the policies of the National Environmental Policy Act of 1969 and other provisions of law which further the purposes of such Act be most effectively implemented in connection with the expenditure of funds under" the Act. Such other provisions of law which further the purpose of the National Environmental Policy Act of 1969 are specified in regulations issued pursuant to Section 104(f) of the Act and contained in 24 CFR Part 58; and
- The National Environmental Policy Act of 1969 (42 U.S.C. Section 4321, et seq. and 24 CFR Part 58). The purpose of this Act is to attain the widest use of the environment without degradation, risk to health or safety or other undesirable and unintended consequences. Environmental review procedures are a necessary part of this process. Pursuant to these provisions, the grantee must also submit environmental certifications to the Department of Commerce when requesting that funds be released for the project. The grantee must certify that the proposed project will not significantly impact the environmental regulations and fulfilled its obligations to give public notice of the funding request, environmental findings and compliance performance.

Its chief executive officer or other office of applicant approved by the State:

1. consents to assume the status of responsible federal official under the National Environmental Policy Act of 1969 (NEPA) and other provisions of federal law, as specified in 24 CFR Part 58, which further the purposes of NEPA, insofar as the provisions of such federal law apply to the Montana Community Development Block Grant Program; and

2. is authorized and consents on behalf of the applicant and himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

#### EPA List of Violating Facilities

It will ensure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of the program are not listed on the U.S. Environmental Protection Agency's (EPA) List of Violating Facilities and that it will notify the Department of Commerce of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by EPA.

#### Farmlands Protection

It will comply with the Farmlands Protection Policy Act of 1981 (7 U.S.C. 4202, et seq.) and any applicable regulations (7 CFR Part 658) which established compliance procedures for any federally assisted project which will convert farmlands designated as prime, unique or statewide or locally important, to non-agricultural uses.

#### Floodplain Management and Wetlands Protection

It will comply with:

- the Flood Disaster Protection Act of 1973, Public Law 93-234, 87 Stat. 975, approved December 31, 1973. Section 102(a) required, on and after March 2, 1974, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase "Federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance;
- Executive Order 11988, May 24, 1978: Floodplain Management (42 F.R. 26951, et seq.). The intent of this Executive Order is to (1) avoid, to the extent possible, adverse impacts associated with the occupancy and modification of floodplains and (2) avoid direct or indirect support of floodplain development wherever there is a practical alternative. If a grantee proposes to conduct, support or allow an action to be located in the floodplain, the grantee must consider alternatives to avoid adverse effects and incompatible involvement in the floodplains. If siting in a floodplain is the only practical alternative, the grantee must, prior to taking any action: (1) design or modify its actions in order to minimize a potential harm to the floodplain; and (2) prepare and circulate a notice containing an explanation of why the action is proposed to be located in a floodplain; and

-- Executive Order 11990, May 24, 1977: Protection of Wetlands (42 F.R. 26961, et seq.). The intent of this Executive Order is to avoid adverse impacts associated with the destruction or modification of wetlands and direct or indirect support of new construction in wetlands, wherever there is a practical alternative. The grantee must avoid undertaking or providing assistance for new construction located in wetlands unless there is no practical alternative to such construction and the proposed action includes all practical measures to minimize harm to wetlands which may result from such use.

#### **Historic Preservation**

It will comply with:

-- Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. 470, as amended) through completion of the procedures outlined in 36 CFR 800 and 36 CFR 63. Compliance with these procedures should include:

1. consulting with the State Historic Preservation Office (SHPO) to identify properties listed in or eligible for inclusion in the National Register of Historic Places that exist within a proposed CDBG project's area of potential environmental impact, and/or to determine the need for professional archaeological, historical, or architectural inventory of potentially affected properties to determine whether they would qualify for register listing; and
2. consulting, as needed with the SHPO, Keeper of the National Register of Historic Places, and the Advisory council on Historic Preservation to evaluate the significance of historic or prehistoric properties which could be affected by CDBG work and to determine how to avoid or mitigate adverse effects to significant properties from project work.

#### **Lead-Based Paint**

It will comply with Title IV of the Lead-based Paint Poisoning Prevention Act (42 U.S.C. 4831), which prohibits the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance of any kind.

#### **Noise, Facility Siting**

It will comply with HUD Environmental Standards (24 CFR, Part 51, Environmental Criteria and Standards and 44 F.R. 40860-40866, July 12, 1979) which prohibit HUD support for most new construction of noise-sensitive uses is prohibited in general for projects with unacceptable noise exposures is discouraged for projects with normally unacceptable noise exposure. Additionally projects may not be located near facilities handling materials of an explosive or hazardous nature, or in airport clear zones.

#### **Solid Waste**

It will comply with the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901, et seq.). The purpose of this Act is to promote the protection of health and the environment and to conserve valuable material and energy resources.

#### Water Quality

It will comply with:

- the Safe Drinking Water Act of 1974 (42 U.S.C. Section 201, 300(f) et seq. and U.S.C. Section 349), as amended, particularly Section 1424(e) (42 U.S.C. Section 300H-303(e)) which is intended to protect underground sources of water. No commitment for federal financial assistance can be entered into for any project which the U.S. Environmental Protection Agency determines may contaminate an aquifer which is the sole or principal drinking water source for an area; and
- the Federal Water Pollution Control Act of 1972, as amended, including the Clear Water Act of 1977, Public Law 92-212 (33 U.S.C. Section 1251, et seq.) which provides for the restoration and maintenance of the chemical, physical and biological integrity of the nation's water.

#### Wildlife

It will comply with:

- the Endangered Species Act of 1973, as amended (16 U.S.C. 1531 et seq.). The intent of this Act is to ensure that all federally assisted projects seek to preserve endangered or threatened species. Federally authorized and funded projects must not jeopardize the continued existence of endangered and threatened species or result in the destruction or modification of habitat of such species which is determined by the U.S. Department of the Interior, after consultation with the state, to be critical; and
- the Fish and Wildlife Coordination Act of 1958, as amended, (U.S.C. 661 et seq.) which requires that wildlife conservation receives equal consideration and is coordinated with other features of water resource development programs.

#### Wild and Scenic Rivers

It will comply with the Wild and Scenic Rivers Act of 1968, as amended (16 U.S.C. 1271, et seq.). The purpose of this Act is to preserve selected rivers or sections of rivers in their free-flowing condition, to protect the water quality of such rivers and to fulfill other vital national conservation goals. Federal assistance by loan, grant, license or other mechanism can not be provided to water resources construction projects that would have a direct and adverse effect on any river included or designated for study or inclusion in the National Wild and Scenic River System.

#### FINANCIAL MANAGEMENT

It will comply with the applicable requirements of:

- OMB Circular A-87, "Cost Principles for State and Local Governments," as specified by the Department of Commerce;
- HUD "Administrative requirements for Grant and Cooperative Agreements to State, Local, and Federally-Recognized Indian Tribal Governments, (24 CFR, Part 85), or any equivalent procedures and requirements that the Montana Department of commerce may prescribe. The HUD Administrative Requirements are the basis for a number of specific requirements on the financial management and record keeping of CDBG funds. The requirements apply to cash depositories, bonding and insurance, record keeping, program income, property management, procurement, closeout, audit, and other requirements; and
- The Single Audit Act of 1984 which establishes criteria for determining the scope and content of audits and with OMB Circular A-128, "Audits of State and Local Governments," issued pursuant to the Act.

It will promptly refund to the Montana Department of Commerce any CDBG funds determined by an audit to have been spent in an unauthorized or improper manner or for ineligible activities.

It will give the Montana Department of Commerce, HUD, the Comptroller General, and the Montana Legislative Auditor, through any authorized representatives, access to and the right to examine all records, books, papers, or documents related to the grant.

#### LABOR STANDARDS

It will comply with:

- Section 110 of the Housing and Community Development Act of 1975, as amended, 24 CFR 570.605, and State regulations regarding the administration and enforcement of labor standards. Section 110 requires that all laborers and mechanics employed by contractors or subcontractors on construction work assisted under the Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276-1- 276a-5). By reason of the foregoing requirement the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.) also applies. However, these requirements apply to rehabilitation of residential property only if such property is designed for residential use for eight or more families;
- Davis-Bacon Act, as amended (40 U.S.C. et seq.), Section 2; June 13, 1934, as amended (48 Stat. 948.40 U.S.C. 276(c)), popularly known as The Copeland Anti-Kickback Act. The Act mandates that all laborers and mechanics be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate

- on any account except "permissible" salary deductions, the full amounts due at the time of payments, computed at wage rates not less than those contained in the wage determination issued by the U.S. Department of Labor. Weekly compliance statements and payrolls are required to be submitted to the federally-funded recipient by the contractor;
- Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.). According to the Act, no contract work may involve or require laborers or mechanics to work in excess of eight hours in a calendar day, or in excess of 40 hours in a work week, unless compensation of not less than one and one-half times the basic rate is paid for the overtime hours. If this Act is violated, the contractor or subcontractor is liable to any affected employee for unpaid damages as well as to the United States for liquidated damages; and
- Federal Fair Labor Standards Act, (29 U.S.C.S. 201 et seq.). The act requires that covered employees be paid at least the minimum prescribed wage, and also that they be paid one and one-half times their basic wage rate for all hours worked in excess of the prescribed workweek.

#### LEGAL AUTHORITY

It possesses legal authority to apply for the grant and to execute the proposed project under Montana law and, if selected to receive a Community Development Block Grant, will make all efforts necessary to assure timely and effective implementation of the project activities described in the attached application.

#### LOBBYING

It certifies that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influencing an officer or employee or any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.



- (3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

#### **POLITICAL ACTIVITY**

It will comply with the Hatch Act (5 U.S.C. 1501, et seq.; 5 CFR Part 151) which restricts the political activity of individuals principally employed by a state or local agency in connection with a program financed in whole or in part by federal loans or grants. An affected employee may not be a candidate for public office in a partisan election.

#### **AUTHORIZATION TO SUBMIT APPLICATION**

Its governing body has duly adopted or passed as an official act a resolution, motion or similar action authorizing the submission of the application, including all understandings and assurances contained herein, and directing and authorizing the signatory to act in connection with the application and to provide such additional information as may be required.

---

Signature, Chief Elected Official  
(or Executive Officer)

---

Name (typed or printed)

---

Title

---

Date



## APPENDIX E

### ANTIDISPLACEMENT AND RELOCATION ASSISTANCE PLAN

1. The Montana Department of Commerce (DOC) encourages applicants to design their project so as to displace as few persons as necessary to meet the goals and objectives of the State CDBG program and critical local community development needs.
2. DOC will carefully consider any proposed displacement activities during application ranking.
3. When a proposed CDBG project could result in direct or indirect displacement of community residents (including businesses), the applicant must prepare a more detailed plan which describes the actions to be taken to assist such persons to remain in their neighborhoods, when they prefer, and to provide equitable and reasonable benefits to those persons who will be involuntarily and permanently displaced. The adequacy of any displacement mitigation plan will be assessed by the Department of Commerce on the basis of:
  - its responsiveness to displaced persons;
  - the timeliness of the remedy; and
  - the reasonableness of projected costs, including safeguards that will be established to assure prudent use of scarce public resources.
4. DOC will require all CDBG recipients to certify that they are following this residential antidisplacement and relocation assistance plan.
5. Grant recipients must replace on a one-for-one basis all occupied and vacant habitable low/moderate income dwelling units demolished or converted to a use other than as low/moderate income housing. The one-for-one replacement requirement will not apply if the U.S. Department of Housing and Urban Development (HUD) finds there is an adequate supply of available, vacant low/moderate income dwelling units in standard condition in the area.
6. DOC will require CDBG recipients to provide benefits to any person involuntarily and permanently displaced as a result of CDBG funded activities in accordance with Title V of the federal Housing and Community Development Act.



## **APPENDIX F**

### **MEDIAN FAMILY INCOME TABLES FOR CITIES, TOWNS, COUNTIES AND COUNTY CENSUS DIVISIONS**

The following table presents population, median family income, and median household income information for Montana counties, county census divisions, and incorporated cities and towns, according to the 1980 Census. CDBG applicants should use the median family income information in conjunction with the "Need for CDBG Assistance" ranking criterion for public facility projects.

Unincorporated communities (water and sewer districts) should use the applicable County census division information. For information regarding which County census division an unincorporated community lies within, please contact the Census and Economic Information Center, Department of Commerce, 1424 9th Avenue, Capitol Station, Helena, Montana, phone 444-2896.

STATE COUNTRY MCD/CCD PLACE NONMETROPOLITAN	POPULA- TION	MEDIAN FAMILY INCOME	STATE COUNTY MCD/CCD PLACE NONMETROPOLITAN	POPULA- TION	MEDIAN FAMILY INCOME
MONTANA			SHIRLEY-ISMAY DIVISION	396	10,000
DEAVERHEAD COUNTY	786690	18413	DANIELS COUNTY	2035	16106
BIG HOLE BASIN DIVISION	8186	16322	DANIELS NORTH DIVISION	2717	15765
CLARK CARRICK-HORSE PRAIRIE DIVISION	701	11056	FORT PECK RESERVATION DIVISION	116	21563
DILCH DIVISION	414	11429	DAWSON COUNTY	1180	19621
LIMA-CENTENNIAL VALLEY DIVISION	6586	17238	DAWSON NORTH DIVISION	1584	14750
BIG HOPH COUNTY	495	15073	GLENDOVE DIVISION	10221	20497
CPOW RESERVATION DIVISION	11076	15729	DEER LODGE COUNTY	12518	17817
HARDIN DIVISION	5631	15349	ANACONDA DIVISION	10327	15857
NORTHERN CHEYENNE DIVISION	4351	16721	DEER LODGE VALLEY DIVISION	18639	15502
TONGUE RIVER DIVISION	900	12868	FALLOU COUNTY	2191	18321
BLAINE COUNTY	214	23654	BAKER DIVISION	3763	18129
CHINOOK DIVISION	6999	14832	PLEVNA DIVISION	3229	19189
FORT BELKNAP DIVISION	3172	15378	FERGUS COUNTY	534	8500
HARLEM DIVISION	1825	8068	DENTON DIVISION	13076	15297
RODOWATER COUNTY	2002	17013	GRASS RANGE DIVISION	8176	12241
TCRISERO EAST DIVISION	3267	15000	HANOVER DIVISION	617	11757
TOHNGEND WEST DIVISION	2517	14942	LEWISTON DIVISION	76	16175
CARBON COUNTY	750	15179	ROY DIVISION	10033	17095
CARBON EAST DIVISION	8099	15517	MINIFRED DIVISION	416	8312
FRICBERG-ERIODER DIVISION	628	22537	PLATHEAD COUNTY	433	7150
JOLIET DIVISION	1752	15136	BAO ROCK-COLUMBIA HEIGHTS DIVISION	5196	11846
RED LOGE DIVISION	1841	17470	COLUMBIA FALLS DIVISION	617	10750
REBERTS DIVISION	3050	14638	CRESTON-BIGFORK DIVISION	6556	10250
CARTER COUNTY	828	12315	GLACIER NATIONAL PARK DIVISION	4170	16166
EKALAKA DIVISION	1799	12821	KALISPELL DIVISION	106	17250
LITTLE MISSOURI DIVISION	1091	13300	KALISPELL NORTHWEST DIVISION	22814	15000
CASCADE COUNTY	708	12125	KALISPELL SOUTHWEST DIVISION	1954	7016
CELT DIVISION	80696	18963	LOWER VALLEY-SOMERS DIVISION	6556	18697
CASCADE DIVISION	1652	17069	SOUTH FORK DIVISION	4170	16099
EDEN-STOCKERT DIVISION	15229	15799	WHITEFISH DIVISION	106	1866
EDEN-STOCKERT DIVISION	634	14276	GALLatin COUNTY	22814	15912
GREAT FALLS DIVISION	70526	13598	PELGRADE DIVISION	1954	18320
GREAT FALLS NORTH DIVISION	70530	19755	BOZEMAN DIVISION	6556	17132
MONARCH-MEIHART DIVISION	309	20100	GALLatin GATEWAY DIVISION	4170	16324
SUN RIVER VALLEY DIVISION	3316	16598	MANHATTAN DIVISION	1202	18287
CHIQUETEAU COUNTY	6092	17139	THREE FORKS DIVISION	199	16287
BIG SANDY DIVISION	2019	17500	WEST YELLOWSTONE DIVISION	7706	15078
FORT BENCH DIVISION	2860	17850	GARFIELD COUNTY	42865	15751
GERALDINE DIVISION	1213	15536	NORTH GARFIELD DIVISION	5851	16937
CLUSTER COUNTY	13109	13445	SOUTH GARFIELD DIVISION	28637	14643
MILES CITY DIVISION	11839	18944	GLACIER COUNTY	1904	18125
MICPAH-PUMPKIN DIVISION	506	16985	BLACKFEET DIVISION	3061	16846
NORTH CUSTER DIVISION	366	9375		1985	15601

STATE COUNTY MCD/CCD PLACE NONMETROPOLITAN	POPULA- TION	MEDIAN HOUSE- HOLD INCOME	STATE COUNTY MCD/CCD PLACE NONMETROPOLITAN	POPULA- TION	MEDIAN FAMILY INCOME	MEDIAN HOUSE- HOLD INCOME
CUT BANK DIVISION	4579	19858	HARRISON DIVISION	697	17328	12266
GLACIER NATIONAL PARK DIVISION	459	21250	MADISON VALLEY DIVISION	1477	16014	13483
GOLDEN VALLEY COUNTY	1026	12893	SHERIDAN DIVISION	1525	15647	11383
LAVINA DIVISION	420	12083	TWIN BRIDGES DIVISION	1412	13550	11209
RYEGATE DIVISION	606	14106	VIRGINIA CITY DIVISION	1337	14327	12233
GRANITE COUNTY	2700	15760	MEAGHER COUNTY	2154	15636	13011
DRUMMOND DIVISION	1092	17261	MARTINSDALE-RINGLING DIVISION	1379	12788	10795
PHILIPSBURG DIVISION	1608	13750	WHITE SULPHUR SPRINGS DIVISION	1775	16250	13925
HILL COUNTY	17985	19977	MINERAL COUNTY	3675	17259	16065
GILDFORD DIVISION	933	16786	ALBERTON DIVISION	606	16736	15885
HAVRE DIVISION	13789	21119	SUPERIOR DIVISION	2106	17765	16155
ROCKY BOY DIVISION	1613	14234	WEST END DIVISION	963	16860	16005
RUDYARD DIVISION	1005	16290	MISSOULA COUNTY	76016	1903	16269
WILD HORSE LAKE DIVISION	645	13568	FRENCHTOWN-EVARO DIVISION	3653	20231	16575
JEFFERSON COUNTY	7029	19082	LOLO DIVISION	4858	20766	19125
BOULDER DIVISION	4463	19658	MISSOULA DIVISION	65670	19950	15975
WHITEHORN DIVISION	2563	17930	SEELEY LAKE-BLACKFOOT VALLEY DIVIS	2015	16827	15024
JUDITH BASIN COUNTY	2696	14717	MUSSELMHELL COUNTY	4429	14694	11432
GEYSER DIVISION	547	12985	KLEIN DIVISION	974	13611	12083
HOBSON DIVISION	916	14115	MELSTONE DIVISION	666	13250	1181
STANFORD DIVISION	1163	14574	ROUNDUP DIVISION	2708	14636	11350
LAKE COUNTY	19056	14386	PARK COUNTY	12660	18042	14612
BIG FORK-SWAN RIVER DIVISION	1981	10311	12270	917	19375	13250
CHARLO DIVISION	1223	13600	17113	917	13375	12424
POLSON DIVISION	7165	14462	13125	576	13393	15343
RONAN DIVISION	4961	11664	SHIELDS VALLEY DIVISION	10289	16897	15277
ST. IGNATIUS DIVISION	3526	13371	UPPER YELLOWSTONE VALLEY DIVISION	655	12277	10848
LEWIS AND CLARK COUNTY	43039	20715	13266	176	13403	12926
AUGUSTA DIVISION	821	16667	13750	5367	16600	10300
HELENA DIVISION	38780	21207	17091	5379	13724	11921
LINCOLN DIVISION	2324	16544	12266	120	15972	16641
WOLF CREEK DIVISION	1114	19297	11757	4267	14480	12101
LIBERTY COUNTY	2329	17377	16980	4919	10900	10350
CHESTER DIVISION	1014	16932	13341	541	9712	11033
JOPLIN DIVISION	515	20139	17500	6711	19486	16126
LINCOLN COUNTY	17752	17480	17091	156	12188	12188
EUREKA DIVISION	3824	14432	16233	502	17974	9250
LIBBY DIVISION	10939	19144	16775	4511	20847	17872
TROY DIVISION	2989	15599	14339	1560	14325	12651
MCCLINE COUNTY	2702	14295	13341	2520	17665	15065
CIRCLE DIVISION	1702	16114	17500	1351	16205	13980
NORTH MCCONE DIVISION	920	10893	13321	702	20703	19922
MADISON COUNTY	5448	12135	10152	467	16042	14265
			12135	6958	17239	16697

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STATE COUNTY MCD/CCD PLACE NON-METROPOLITAN	STATE COUNTY MCD/CCD PLACE NON-METROPOLITAN	POPULA- TION	MEDIAN HOUSE- HOLD INCOME	STATE COUNTY MCD/CCD PLACE NON-METROPOLITAN	POPULA- TION	MEDIAN FAMILY INCOME	MEDIAN HOUSE- HOLD INCOME
AVON-ELLISTON DIVISION	978	13710	13209	SWEET GRASS COUNTY	3216	13986	11421
DEER LODGE DIVISION	5530	18222	14859	NORTH OF THE YELLOWSTONE DIVISION	642	11597	9812
HELICOVILLE DIVISION	450	16297	15397	SOUTH OF THE YELLOWSTONE DIVISION	2574	14604	11673
LAUREL COUNTY	1836	10724	9450	TETON COUNTY	6491	16207	14012
TERRY NORTH DIVISION	294	7500	6012	CHOTEAU DIVISION	3413	16480	13307
TERRY SOUTH DIVISION	1542	11103	9819	DUTTON-POWER DIVISION	1203	16394	15341
RAVALLI COUNTY	22493	15541	13254	FAIRFIELD DIVISION	1875	15559	14043
DARBY DIVISION	1731	16823	14205	TOOLE COUNTY	5559	17335	14143
HAMILTON DIVISION	11409	14504	11853	SOUTH TOOLE DIVISION	3969	17223	14475
STEVENSVILLE DIVISION	6628	17784	15999	SUNBURST DIVISION	1590	17670	13000
SULIA-EDWARDS DIVISION	914	17974	18156	TREASURE COUNTY	981	14107	12122
VICTOR DIVISION	1811	13315	12360	NORTH TREASURE DIVISION	295	9375	9187
RICHLAND COUNTY	12243	19865	17615	SOUTH TREASURE DIVISION	686	15429	13750
FAIRVIEW DIVISION	2310	17636	15974	VALLEY COUNTY	10250	17270	14550
LAIJERT DIVISION	760	19836	19211	FORT PECK RESERVATION DIVISION	1339	13142	11654
SAVAGE-CRAINE DIVISION	1329	16094	16633	GLASGOW DIVISION	6587	10743	10253
SIDNEY DIVISION	7844	21221	18103	HINSDALE DIVISION	758	10264	10458
ROOSEVELT COUNTY	10467	16622	14812	OPEHEIM DIVISION	673	13010	12143
EAST ROOSEVELT DIVISION	2259	17969	15704	SOUTH VALLEY DIVISION	893	22674	22917
FORT PECK RESERVATION DIVISION	8208	16217	14546	WHEATLAND COUNTY	2359	15035	12549
ROSEAU COUNTY	9899	19792	16750	HARLOWTON DIVISION	1784	15638	12738
ASILAND DIVISION	565	16705	12750	JUDITH GAP-SHAWHUT DIVISION	575	12454	12125
FORSYTH DIVISION	3444	19435	17127	WIBAUX COUNTY	1476	13784	11173
NORTHERN CHEYENNE DIVISION	2712	10022	8452	PINE HILLS-ST. PHILLIPS DIVISION	348	11875	11333
ROSEBD DIVISION	3178	26359	25638	WIBAUX DIVISION	1128	14234	11103
SANTEPS COUNTY	8675	14549	12615	YELLOWSTONE COUNTY	108035	20744	17460
FLATHEAD DIVISION	1834	12750	10236	BILLINGS DIVISION	66512	21121	17298
PLATTS DIVISION	2576	15039	13549	BUFFALO CREEK DIVISION	186	11250	11250
THOMPSON FALLS-WEST END DIVISION	4265	15152	13161	HUNTLER PROJECT DIVISION	2904	16167	14519
SHERIDAN COUNTY	5414	17270	14953	LAUREL DIVISION	10055	20087	18557
FORT PECK RESERVATION DIVISION	174	15694	15139	NORTHWEST YELLOWSTONE DIVISION	1681	18750	17675
MEDICINE LAKE DIVISION	1030	16893	15465	SHEPHERD DIVISION	2556	21841	20696
PLEINWOOD DIVISION	3555	17516	14874	SOUTH YELLOWSTONE DIVISION	4141	19504	18429
WESTBY DIVISION	655	17569	14423	YELLOWSTONE NATIONAL PARK	275	16538	12292
SILVER BOW COUNTY	38092	19572	14591	YELLOWSTONE NATIONAL PARK DIVISION	275	16538	12292
FUTIE DIVISION	36824	19430	14425	ALBERTON TOWN	384	16964	16316
SILVER BOW NORTHWEST DIVISION	489	20625	18333	ANACOMA-DEER LODGE COUNTY	12518	18957	15893
SILVER BOW SOUTH DIVISION	779	22434	21984	BAINIVILLE TOWN	247	21053	19375
STILLWATER COUNTY	5598	15363	13240	BAKER CITY	2310	20200	17582
ABSOPREE DIVISION	1405	11866	10404	BEARCREEK TOWN	62	13438	11000
COLUMBUS DIVISION	2379	15636	12701	BELGRADE TOWN	2336	17351	16181
PARK CITY DIVISION	1214	20036	20174	BELT CITY	837	16818	12663
STILLWATER NORTH DIVISION	600	10625	10750	BIGFORK (CDP)	1072	13448	10714

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STATE COUNTY MCD/CCD PLACE NONMETROPOLITAN	POPULA- TION	MEDIAN FAMILY INCOME	MEDIAN HOUSE- HOLD INCOME	STATE COUNTY MCD/CCD PLACE NONMETROPOLITAN	POPULA- TION	MEDIAN FAMILY INCOME	MEDIAN HOUSE- HOLD INCOME
BIG SANDY TOWN	841	13365	11763	FROID TOWN	314	16250	14118
BIG TIMBER CITY	1690	14070	10954	FRONDBERG TOWN	458	13250	10852
BILLINGS CITY	66798	20989	16585	GERALDINE TOWN	299	14632	13155
BILLINGS HEIGHTS (CDP)	8480	21365	20105	GLASGOW CITY	4455	19041	14690
BONNER-NORTH RIVERSIDE (CDP)	1749	18644	16986	GLENDIVE CITY	5949	20334	16659
BOZEMAN TOWN	1441	14281	12437	GRASS RANGE TOWN	151	12917	8000
BRIDGER TOWN	21645	18476	12461	GREAT FALLS CITY	56725	20027	16289
BROADUS TOWN	715	15221	11394	HAMILTON CITY	2596	14055	9255
BROADVIEW TOWN	720	17443	14839	HARDIN CITY	3324	16639	12601
BROCKTON TOWN	123	12917	11667	HARLEM CITY	1023	17344	13550
BROWNING TOWN	412	15655	15357	HARLOWTON CITY	1162	15357	11536
BUTTE-SILVER BOW	1276	1979	10995	HAVRE CITY	10891	21076	17150
CASCADE TOWN	37207	19699	14776	HAVRE NORTH (CDP)	1263	20370	19955
CHESTER TOWN	754	15508	12625	HELENA CITY	23918	21588	16440
CHINOOK CITY	963	14221	12311	HINGHAM TOWN	193	13438	11667
CHOTEAU CITY	1660	15676	12649	HOBSON TOWN	269	14375	13173
CIRCLE TOWN	1798	16335	11788	HOT SPRINGS TOWN	564	7794	6282
CLYDE PARK TOWN	931	19113	15550	HYSHAM TOWN	441	16125	14866
COLSTRIP (CDP)	292	15521	13462	ISMAY TOWN	36	4167	4531
COLUMBIA FALLS CITY	1503	28152	27500	JOLIET TOWN	599	14653	11563
COLUMBUS TOWN	3120	21000	16960	JORDAN TOWN	493	14074	11197
CONRAD CITY	1439	16875	12321	JUDITH GAP CITY	233	12125	12404
CULBERTSON TOWN	3074	20731	17016	KALISPELL CITY	10648	19104	14924
CUT BANK CITY	976	17442	15523	KEVIN TOWN	199	14643	12857
DARBY TOWN	3688	20605	17602	LAUREL CITY	5481	18784	17135
DEER LODGE CITY	605	14013	1488	LAVINA TOWN	181	13750	11406
DENTON TOWN	4016	18816	14728	LEWISTON CITY	7104	16548	12305
DILLON CITY	376	13977	12045	LIBBY CITY	2629	20513	15649
EAST HELENA TOWN	3976	18444	12535	LIMA TOWN	303	16719	14861
EAST MISSOULA (CDP)	155	28333	21429	LIVINGSTON CITY	6994	18852	14492
EKALAKA TOWN	408	18000	14821	LOGUE GRASS TOWN	747	7465	7188
DRUMMOND TOWN	372	15179	13438	LOLO (CDP)	2399	20536	19123
DUTTON TOWN	1676	21534	14886	HALMSTROM AFB (CDP)	6675	12633	12517
ELGIN TOWN	1816	15054	14196	MALIA CITY	2405	14868	12019
ELLIS TOWN	625	14286	10900	MANNHATTAN TOWN	969	17230	15224
EUREKA TOWN	710	17446	13889	MEDICINE LAKE TOWN	411	17019	14205
EVERGREEN (CDP)	1219	16031	14231	MELSTONE TOWN	238	16964	12679
FAIRFIELD TOWN	3746	16023	13996	MILES CITY CITY	9602	19179	13808
FAIRVIEW CITY	641	15781	13155	MISSOULA CITY	33387	19124	13938
FLAXVILLE TOWN	1366	17386	15579	MISSOULA SOUTH (CDP)	5557	24298	23729
FORSYTH CITY	149	14688	13125	MOORE TOWN	221	13312	11675
FORT BENJAMIN CITY	2526	20161	17767	NASHUA TOWN	466	17604	13571
HEINRICH TOWN	1693	18701	15800	NEIHART TOWN	98	21000	12500

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STATE COUNTY MCD/CCD PLACE NONMETROPOLITAN	POPULA- TION	MEDIAN FAMILY INCOME	MEDIAN HOUSE- HOLD INCOME	STATE COUNTRY MCD/CCD PLACE NONMETROPOLITAN	POPULA- TION	MEDIAN FAMILY INCOME	MEDIAN HOUSE- HOLD INCOME
OPIE IN TOWN	219	18750	16111	WINNETT TOWN	212	12857	10481
ORCHARD HOMES (CDP)	10837	19321	16311	WOLF POINT CITY	2985	19082	14973
OUTLICK TOWN	120	14643	13654	NONMETROPOLITAN	597959	17902	14956 X
PHILIPSBURG TOWN	1138	11742	9884				
PLATTS TOWN	1116	15227	12255				
PLENTYWOOD CITY	2476	17996	14692				
PLEVIA TOWN	190	15208	12750				
POLSON CITY	2691	13191	9246				
POPLAR CITY	949	15313	15318				
RATTLESNAKE (CDP)	3475	26935	23915				
REO LODGE CITY	1896	15192	10617				
REXFORD TOWN	149	15357	15060				
RICHIEY TOWN	446	15132	11957				
ROLMAN CITY	1530	12739	10439				
ROUNDUP CITY	2119	15682	11887				
RYEGATE TOWN	291	14167	11250				
SACO TOWN	226	16500	66429				
ST. IGNATIUS TOWN	877	12461	9875				
SCODEY CITY	1382	17019	13484				
SHELDY CITY	3142	17887	13920				
SHEPIDAN TOWN	643	16979	11797				
SIDNEY CITY	5726	21979	18268				
STANFORD TOWN	587	15313	12000				
STEVENSVILLE TOWN	1248	15164	12468				
SUBURST TOWN	518	20729	15714				
SUPERIOR TOWN	1038	18512	15121				
TERPY CITY	935	13060	11141				
THOMPSON FALLS TOWN	1515	15842	13177				
THREE FORKS TOWN	1247	15993	12714				
TOWNSEND CITY	1587	15066	12902				
TROY TOWN	1088	13798	11574				
TRIN BRIDGE TOWN	450	13077	8594				
VALIER TOWN	655	15804	14016				
VAUGHN (CDP)	2359	18887	19531				
VIRGINIA CITY TOWN	182	14135	12788				
WALKERVILLE CITY	885	14083	9825				
WESTSBY TOWN	309	13750	11563				
WEST YELLOWSTONE TOWN	754	16500	14625				
WHITEFISH CITY	3703	17025	14392				
WHITEHALL TOWN	1030	15179	11934				
WHITE SULPHUR SPRINGS CITY	1311	16760	14199				
WIOAUX TOWN	787	16042	11458				
WIMIFRED TOWN	154	9444	8527				

DATE: 021403

MONTANA

TIME: 2000040

## APPENDIX G

### GRANT AWARDS FOR THE FALL, 1989 COMMUNITY DEVELOPMENT BLOCK GRANT COMPETITION

**NAME OF APPLICANT:** Town of Big Sandy

CDBG AMOUNT REQUESTED: \$375,000

OTHER FUNDS: \$27,000 local funds

TOTAL PROJECT COST: \$402,000

PERCENT BENEFIT TO LOW AND MODERATE INCOME: 55%

PROJECT DESCRIPTION: The project will replace 12,000 feet of cast iron water distribution line with ten inch PVC pipe and complete several loops in dead end lines in order to eliminate frequent breaks and contamination of the town's water supply. The town is unable to finance needed improvements because of debt incurred for a 1986 sewer project and a 1988 water project.

**NAME OF APPLICANT:** Blaine County (Turner)

CDBG AMOUNT REQUESTED: \$86,300

OTHER FUNDS: \$ 5,000 Turner Sewer District

\$163,190 Environmental Protection Agency (EPA) Grant

TOTAL PROJECT COST: \$254,490

PERCENT BENEFIT TO LOW AND MODERATE INCOME: 53%

PROJECT DESCRIPTION: The proposed project will rehabilitate the pump station and reline the existing sewage lagoon for the unincorporated community of Turner located in Blaine County. Without these improvements the pump station may soon fail. In addition, the present lagoon is leaking and is creating a health hazard through contamination of ground water. Some domestic water wells in the area have already been contaminated.

**NAME OF APPLICANT:** Carbon County

CDBG AMOUNT REQUESTED: \$329,980

OTHER FUNDS: \$40,000 Farmers Home Administration (FmHA) loan

\$32,520 Red Lodge Senior Citizens

TOTAL PROJECT COST: \$402,500

PERCENT BENEFIT TO LOW AND MODERATE INCOME: 92%

PROJECT DESCRIPTION: The proposed project will construct a new 3,970 square foot building in Red Lodge for the local senior citizen organization.

**NAME OF APPLICANT:** Custer County

CDBG AMOUNT REQUESTED: \$375,000

OTHER FUNDS: \$232,000 Bank Loan

\$232,000 Montana Coal Board (Request Pending)

TOTAL PROJECT COST: \$839,000

PERCENT BENEFIT TO LOW AND MODERATE INCOME: 91%

PROJECT DESCRIPTION: The proposed project will construct a new mental health treatment center in Miles City to serve Custer County and 16 other eastern Montana counties which participate in the Eastern Montana Mental Health Center (a private, nonprofit corporation). The new center will replace facilities now housed in an old, two story former convent constructed in 1899. This building is unsuitable for treating mental health patients because of serious fire hazards and lack of handicapped accessibility.

**NAME OF APPLICANT:** Flathead County (Evergreen)

CDBG AMOUNT REQUESTED: \$375,000

OTHER FUNDS: \$3,872,600 EPA Grant

\$2,544,000 Department of Natural Resources and Conservation  
(DNRC) Loan

TOTAL PROJECT COST: \$6,791,600

PERCENT BENEFIT TO LOW AND MODERATE INCOME: 100%

**PROJECT DESCRIPTION:** The proposed project will provide for the construction of a central sewer system for the unincorporated community of Evergreen. The continuing failure of septic tank drainfields and threat to groundwater constitutes a major environmental pollution problem which also threatens water quality in Flathead Lake. The project will serve 3,400 residents. Sewer mains will be extended and connected to the City of Kalispell sewage treatment plant. CDBG funds will be used to pay 100 % of a rural special improvement district (RSID) property tax assessment for low income families.

**NAME OF APPLICANT:** Town of Flaxville

CDBG AMOUNT REQUESTED: \$236,000

OTHER FUNDS: -0-

TOTAL PROJECT COST: \$236,000

PERCENT BENEFIT TO LOW AND MODERATE INCOME: 77%

**PROJECT DESCRIPTION:** The proposed project will provide water system improvements to include construction of a new well, water treatment plant for nitrate removal and chlorination, and repair of an existing water tower. The town's well contains high nitrate concentrations, which pose health risks to young children. The Town is unable to finance these needed improvements because of debt incurred for earlier water system projects.

**NAME OF APPLICANT:** City of Glendive

CDBG AMOUNT REQUESTED: \$375,000

OTHER FUNDS: \$1,053,512 (loan through DNRC Water Development Program)

TOTAL PROJECT COST: \$1,428,512

PERCENT BENEFIT TO LOW AND MODERATE INCOME: 65%

**PROJECT DESCRIPTION:** The project will renovate the city's water treatment plant originally built in 1916. The plant is in violation of federal regulations for treatment of surface water supplies. Because of a violation last year, the Department of Health and Environmental Sciences (DHES) issued an order requiring all residents to boil city water before drinking it. The city is under a DHES mandate to improve its water treatment plant. The project is part of an overall \$2.2 million program to improve the city's water system.

**NAME OF APPLICANT:** City of Hardin  
**CDBG AMOUNT REQUESTED:** \$375,000  
**OTHER FUNDS:**

\$ 66,727	(County funds)
\$ 12,500	(City funds)
\$ 7,500	Human Resource Development Council (HRDC)
\$100,000	(1st Interstate Bank)
\$100,000	(Little Horn State Bank)
\$ 5,000	Montana-Dakota Utilities (MDU)

**TOTAL PROJECT COST:** \$666,727  
**PERCENT BENEFIT TO LOW AND MODERATE INCOME:** 100%

**PROJECT DESCRIPTION:** The proposed project will rehabilitate 40 housing units (30 owner-occupied and 10 rental), to demolish 5 structures, 2 of which have been condemned by the City's code enforcement process, and provide limited curb and gutter replacements and general area clean up. Funding will come from 2 local banks, HRDC, MDU heating loans, and the city and county. The area has 80% low-moderate income concentration and 81% of the area dwelling units were identified as substandard.

**NAME OF APPLICANT:** Town of Joliet  
**CDBG AMOUNT REQUESTED:** \$375,000  
**OTHER FUNDS:** \$375,000 (local revenue bond)  
**TOTAL PROJECT COST:** \$750,000  
**PERCENT BENEFIT TO LOW AND MODERATE INCOME:** 61%

**PROJECT DESCRIPTION:** The proposed project will increase the town's water supply by drilling a new well, protect public health and safety by replacing 21,000 feet of 1937 vintage cast iron and asbestos pipe, provide valves to control and isolate pipe sections, improve 29 fire hydrants, eliminate dead-end lines which allow bacteria to grow, increase water pressure to provide adequate fire flows, and renovate the town's water storage tank.

**NAME OF APPLICANT:** City of Malta  
**CDBG AMOUNT REQUESTED:** \$176,500  
**OTHER FUNDS:**

\$430,700	(U.S. Army Corps of Engineers)
\$ 44,000	(local SID)

**TOTAL PROJECT COST:** \$651,200  
**PERCENT BENEFIT TO LOW AND MODERATE INCOME:** 73%

**PROJECT DESCRIPTION:** The proposed project will provide for the construction of a flood control levee along a section of the Milk River to provide protection from periodic and often severe flooding. The existing flood control structure was damaged beyond repair by a flood in 1986. The Corps of Engineers will contribute \$430,700 toward engineering design and construction. Malta will provide \$44,000 by forming a Special Improvement District (SID) covering properties prone to flood damage. CDBG funds will be used to pay 100% of the SID tax assessment for low and moderate income families.

**NAME OF APPLICANT:** Philipsburg

CDBG AMOUNT REQUESTED: \$375,000

OTHER FUNDS: \$160,675 Revenue Bond

TOTAL PROJECT COST: \$535,675

PERCENT BENEFIT TO LOW AND MODERATE INCOME: 63%

**PROJECT DESCRIPTION:** The project will upgrade the water treatment facilities to comply with a mandate placed on the Philipsburg water system by DHES. Specific improvements include installation of a new chlorinator, a new 200,000 gallon water storage tank, a new 10" supply line, as well as repair of distribution lines, and replacement of 20 outmoded fire hydrants.

**NAME OF APPLICANT:** Polson

CDBG AMOUNT REQUESTED: \$375,000

OTHER FUNDS: \$150,000 School District

\$419,000 City of Polson Water Reserve Fund

\$385,825 Bank loans (2)

TOTAL PROJECT COST: \$1,329,825

PERCENT BENEFIT TO LOW AND MODERATE INCOME: 63%

**PROJECT DESCRIPTION:** The proposed project will provide for the construction of water storage facilities and interconnection of the water pressure system to provide adequate fire flows and pressure to the southwest and eastern portions of the City of Polson. At present construction of a new middle school, a low income housing complex, and other development projects have been halted until adequate fire flows can be provided.

**NAME OF APPLICANT:** City of Wolf Point

CDBG AMOUNT REQUESTED: \$375,000

OTHER FUNDS: \$200,000 (Ft. Peck Tribe)

\$ 15,000 (HRDC)

\$150,000 (Western National Bank)

TOTAL PROJECT COST: \$740,000

PERCENT BENEFIT TO LOW AND MODERATE INCOME: 98%

**PROJECT DESCRIPTION:** Proposed will be a housing and neighborhood revitalization project within an 18-block portion of the original townsite. The project will rehabilitate 40 housing units (20 owner-occupied and 20 rentals) using CDBG, bank, and HRDC funds. The Fort Peck Tribe will rehabilitate an additional 20 units using Indian CDBG Program funds. The area has 71% low-moderate income concentration and 81% of the area dwelling units were identified as substandard.

## APPENDIX H

### **SPECIAL REQUIREMENTS FOR PROJECTS INVOLVING NONPROFIT ORGANIZATIONS**

Local governments can apply on behalf of private nonprofit organizations such as a local economic development corporation or senior citizen organization. Nonprofit organizations may acquire title to public facilities such as senior centers, centers for the handicapped, or Head Start Centers. When such facilities are owned by nonprofit organizations they must be open for use by the general public during all normal hours of operation. Nonprofit organizations may also be involved in the construction of new permanent residential structures for low and moderate income persons.

#### **A. Nonprofit Organization Defined**

Any nonprofit organization to be assisted with CDBG funds must be incorporated under Montana law and recognized as a nonprofit, 501 (c) tax exempt organization under U.S. Internal Revenue Service (IRS) regulations.

#### **B. Nondiscrimination**

Any nonprofit organization to be assisted with CDBG funds must agree to provide its services or operate its facilities without discrimination, in accordance with the civil rights laws and regulations of the United States and the State of Montana. These laws and regulations prohibit any discrimination on the basis of race, color, national origin, sex, religion, handicap, age, or family status (families with children). Any organization receiving CDBG assistance must also carry out equal employment opportunity hiring practices.

#### **C. Operating Plan**

Each applicant must submit an operating plan for any nonprofit organization which it proposes to assist. Each operating plan must include the following elements with sufficient detail for adequate analysis:

##### **1. Description of Organization**

Describe the purpose and history of the organization. Include a copy of the organization's bylaws.

##### **2. Services Provided**

Describe the services provided, geographic service area and potential for expansion of services provided or the service area. Describe the target population served (age, sex, special needs, etc.). The operating plan should describe in detail how the CDBG project will affect the services to be provided and how the organization and its members or clientele will be affected if CDBG funds are not received.

##### **3. Management**

Provide the names, titles, and brief description of the background and

management experience of the persons responsible for management of the organization or project, as well as the members of the organization's board of directors. Describe how the organization's finances are managed and whether they are formally reviewed on a regular basis.

#### 4. Sources and Uses of All Funding

Describe the sources, proposed uses, and financial terms for all funds to be included in the project. The description should clearly justify the amount of CDBG assistance applied for and explain the intended use of the funds.

### D. Financial Exhibits

The nonprofit organization must be able to demonstrate that projected income will be sufficient to cover any projected debt service and current and projected operating costs, including long-term operation and maintenance. Each applicant submitting on behalf of a profit organization must include the following financial exhibits with the application:

#### 1. Financial Statements

For existing organizations, provide financial statements for the three most recent years of operation including a balance sheet describing assets and liabilities and a revenue and expense statement.

Financial statements, compiled or reviewed by an independent certified public accountant are preferred. All financial information must be signed by a responsible officer for the organization.

#### 2. Income and Expense Projections

Adequate income projections are necessary to demonstrate the long-term financial soundness of the project. The organization must provide projected balance sheet and revenue and expense statements for a three year period following receipt of CDBG funds which includes all existing and projected debts and lenders, annual debt service amounts, and any related loan requirements, as well as current and long-term operating capital needs. The projections must include an explanation of how the figures and assumptions were developed.

#### 3. Federal Internal Revenue Service Forms

- (a) The nonprofit organization must submit verification of its IRS 501 (c) status.
- (b) Any private nonprofit organization which is required to submit IRS Form 990 (Return of Organization Exempt From Income Tax), must submit a copy for the three most recent years of operation. (Organizations whose annual gross receipts are normally more than \$25,000 must file Form 990.)



